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DOCKET NO. 130188-EM

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Expedited Review of Electric Rate Structure for Gainesville Regional Utilities DOCKET NO. 130188-EM

FILED: July 16, 2013

<u>PETITION FOR EXPEDITED REVIEW OF ELECTRIC RATE STRUCTURE</u> <u>FOR GAINESVILLE REGIONAL UTILITIES</u>

Petitioners Eye Associates of Gainesville, LLC¹ and Deborah L. Martinez ("Petitioners"), by and though undersigned counsel, and pursuant to Sections 120.569, 120.57(1), 366.02(2), and 366.04(2)(b), Florida Statutes and Rules 25-22.036, 28-106.201, and 25-9.051(7), Florida Administrative Code, hereby petition the Florida Public Service Commission ("Commission") for expedited review of the electric rate structure for Gainesville Regional Utilities. In support thereof, the Petitioners state as follows:

INTRODUCTION

1. Gainesville Regional Utilities ("GRU") d/b/a City of Gainesville is a municipal utility serving over 90,000 customers in Alachua County, Florida. GRU's headquarters are located in Gainesville, Florida.

2. Petitioners are Commercial and Residential customers receiving electric service from Gainesville Regional Utilities ("GRU"). Petitioners seek expedited review of the existing and proposed GRU electric rate structure to ensure that the electric rate structure is fair, just, and reasonable, non-discriminatory, allocates the recovery of costs appropriately between the customer classes, and allocates the recovery of costs equitably between members of a customer class. Petitioners request for expedited review is based upon the results of the cost of service

¹ The customer of record for this commercial account is William A. Newsom, M.D.

study initiated by GRU, and the electric rate structure changes that GRU has recently proposed to implement effective October 1, 2013. This petition may be subsequently amended to add additional petitioners.

3. The Commission has jurisdiction over the electric rate structure of a municipal utility pursuant to Sections 366.02(2) and 366.04(2)(b), Florida Statutes.

4. Any pleading, motion, notice, order or other document required to be served upon the Petitioners or filed by any party to this proceeding should be served upon the following individual:

> Nathan A. Skop, Esq. 420 NW 50th Blvd. Gainesville, FL 32607 Phone: (561) 222-7455 E-mail: n_skop@hotmail.com

5. A conformed copy of this Petition has been provided to GRU and the Office of Public Counsel ("OPC") contemporaneously with the filing of this Petition.

BACKGROUND

6. GRU electric rates are among the highest in the State of Florida. As an illustrative example, a GRU non-demand business customer using 1,500 kWh per month paid approximately \$71.23 more per month than a similar FPL customer in December 2012. In 2014, GRU is expected to have the highest electric rates in the State of Florida across all rate classes. High electric rates are a competitive and economic disadvantage for business and residential

customers served by GRU in Alachua County. Rate structure inequities between, or within, customer rate classes further aggravates the problem of high electric rates.²

7. GRU has significantly overcharged its customers for fuel over the past three years in violation of its own unwritten internal policies and City Ordinance in order to hide the true rate impact of the GREC contract.³ The projected balance of these overcharges is expected to reach \$26.2 million on September 30, 2013. In sharp contrast, every electric utility in the State of Florida, except GRU, has passed millions of dollars of fuel savings onto their customers during this same period of time.

8. On or about October 20, 2011, the Gainesville City Commission authorized GRU to execute a contract with Baker Tilly Virchow Krause, LLP ("Baker Tilly") to provide cost of service and utility rates studies. Prior to hiring Baker Tilly, GRU had performed cost of service and utility rates studies internally for a number of years.

9. On or about April 3, 2012, Baker Tilly provided GRU with a preliminary draft report of the electric revenue requirements and forecasted electric cost of service analysis for the projected 2013 test year. Page 35 of this report compared the electric cost of service to the forecasted revenues at current rates by customer class. A true and correct copy of Page 35 is attached herein as <u>Exhibit A</u>. Exhibit A indicated that:

² Corresponding electric rates for the City of Alachua are substantially lower than those paid by GRU customers notwithstanding the fact that the City of Alachua purchases their power from GRU under a wholesale contract.

³ In April 2009, GRU entered into a \$3.1 billion, thirty (30) year contract to purchase 100 MW of biomass power at a cost of approximately \$130 MWh. GRU has recently admitted that the monthly residential rate impact from the GREC contract is approximately \$30 per 1,000 kWh on a standalone basis. To date, GRU has been unable to sell any of this excess power at the same contractual price that GRU customers are obligated to pay. The cost of purchased power will be recovered through the fuel adjustment charge. The annual cash payment obligations under the GREC contract are approximately \$102.5 million per year beginning in 2014.

- The cost of service for the electric wholesale customer class was approximately 45.48% to 48.97% higher than forecasted revenue at current rates.
- The cost of service for the electric general non-demand customer class was approximately 14.88% lower than forecasted revenue at current rates.
- The cost of service for the electric general demand and electric large power customer class was approximately 5.36% and 6.59% lower; respectively than forecasted revenue at current rates.
- The cost of service for the electric residential customer class was approximately 3.30% higher than forecasted revenue at current rates.

10. On or about November 20, 2012, Baker Tilly provided GRU with a presentation summarizing the revenue requirement, cost of service, and rate design recommendations ("Baker Tilly Presentation"). Slide 33 of the Baker Tilly Presentation compared the electric cost of service to the forecasted revenues at current rates by customer class. A true and correct copy of Slide 33 is attached herein as <u>Exhibit B</u>. Exhibit B indicated that:

- The cost of service for the electric wholesale customer class was approximately 49.11% higher than forecasted revenue at current rates.
- The cost of service for the electric general non-demand customer class was approximately 7.88% lower than forecasted revenue at current rates.
- The cost of service for the electric general demand and electric large power customer class was approximately 4.16% and 4.50% lower; respectively than forecasted revenue at current rates.

4

• The cost of service for the electric residential customer class was approximately 4.83% higher than forecasted revenue at current rates.

11. Slide 36 of the Baker Tilly Presentation also indicated that GRU commercial class customers are subsidizing the Alachua wholesale contract to the benefit of the residential class customers. A true and correct copy of Slide 36 is attached herein as <u>Exhibit C</u>.

12. On or about July 12, 2013, GRU publically disseminated the GRU Proposed Annual Operating Budget for FY2014 ("GRU Budget"). The GRU Budget proposed a 10.6% to 11.0% monthly electric bill increase for Commercial class customers.⁴ The proposed rate increase results from a substantially higher monthly electric customer charge and electric fuel adjustment charge increase (\$20.00 per 1,000 kWh), offset slightly by a lower energy rate in the base rate portion of the bill. Commission review of the existing and proposed rate structure is required because the Gainesville City Commission, as the Board of Directors of GRU, lacks the technical and utility regulatory expertise to independently determine whether the existing rate structure and proposed Commercial rate structure addresses the cost of service and rate structure inequities identified within the Baker Tilly analysis.

13. The GRU Budget also proposed to substantially revise the rate structure for the Residential customer class. Under the GRU modified tier proposal (two tier), GRU proposes to decrease the base rate portion of the 1,000 kWh monthly residential electric bill by approximately 33.0% in FY14 (from \$76.67 in FY13 to \$57.65 in FY14) to offset the corresponding \$20.00 per 1,000 kWh increase in the fuel adjustment charge resulting from the

⁴ In November 2010, GRU extended the term of the wholesale power contract with the City of Alachua for a period of 10 years. Pursuant to Exhibit 2 of the contract, GRU cannot renegotiate the pricing of the contract within the first (5) years. At present, the corresponding electric rates for the City of Alachua customers are substantially lower than those paid by GRU customers. GRU considers the Alachua wholesale contract to be native load.

GREC contract.⁵ The GRU modified tier rate structure is inequitable within the residential rate class to the extent that its shifts the majority of the proposed rate increases to customers using less than 1,000 kWh and large families using more than 1,000 kWh. The inequality of the proposed GRU modified tier rate structure is illustrated by red line of the graph in <u>Exhibit D</u>. Exhibit D graphs the distribution of the GRU monthly residential rate increase (FY14 – FY13) as a function of usage within the rate class. Alternatively, GRU proposes to use the existing three tier rate structure under which it will substantially increase the monthly customer charge while revising the base rate energy charges within each tier. The effect of GRU proposal using the existing tiers is illustrated by blue line of the graph in Exhibit D. Commission review of the existing and proposed residential rate structure is required because the Gainesville City Commission, as the Board of Directors of GRU, lacks the technical and utility regulatory expertise to independently determine whether the existing rate structure and proposed rate structure addresses the cost of service and rate structure inequities identified within the Baker Tilly analysis.

14. GRU has not sought input from affected Commercial and Residential customer class stakeholders prior to proposing changes to the existing rate structure.

DISPUTED ISSUES OF MATERIAL FACT

15. Whether the existing and proposed GRU electric rate structure is fair, just, and reasonable?

⁵ This seemingly contradicts the Baker Tilly conclusion that the revenue requirement for the residential rate class should increase. It appears that GRU is optimizing around a singular point (1,000 kWh) in an attempt to keep its statewide electric rate comparison metric from being the highest in the state by a wide margin. Moreover, if GRU has the ability to suddenly decrease the base rate portion of the 1,000 kWh monthly residential electric bill by 33%, it is difficult to understand why GRU needed to overcharge its customers \$26.2 million for fuel.

16. Whether the existing and proposed GRU electric rate structure is non-discriminatory?

17. Whether the existing and proposed GRU electric rate structure allocates the recovery of costs appropriately between the customer classes?

18. Whether the existing and proposed GRU electric rate structure allocates the recovery of costs equitably between the members of a customer class?

RELIEF SOUGHT

19. Petitioners hereby request expedited review of the existing and proposed GRU electric rate structure by the Commission to ensure that the electric rate structure is fair, just, and reasonable, non-discriminatory, allocates the recovery of costs appropriately between the customer classes, and allocates the recovery of costs equitably between members of a customer class. Petitioners request for the relief sought is further supported by the signature petitions of approximately one hundred twelve (112) residential and commercial customers of GRU.

20. In furtherance of this review, Petitioners request a formal evidentiary hearing to address the disputed issues of material fact presented above and any other issues within its jurisdiction that the Commission deems appropriate.

21. Petitioners request for Commission review is further supported by the initial signature petitions of approximately one hundred twelve (112) GRU residential and commercial customers. Original copies of the signature petitions are attached herein as <u>Exhibit E</u>. Additional signature petitions supporting this Petition will be filed with the Commission as they become available.

7

WHEREFORE, Petitioners respectfully requests the Commission to open a docket and issue a procedural order establishing a hearing schedule in furtherance of conducting an expedited review of the existing and proposed GRU electric rate structure.

<u>s/ Nathan A. Skop</u> Nathan A. Skop, Esq. Florida Bar No. 36540 420 NW 50th Blvd. Gainesville, FL 32607 Phone: (561) 222-7455 E-mail: n_skop@hotmail.com

Counsel for Petitioners

EXHIBIT A

Gainesville Regional Utilities Draft Cost of Service Report Cost of Service Comparison to Current Rates by Customer Class

			Fore	casted Revenues		Increase or	Percent Increase
Customer Class		Cost of Service	at	Current Rates	(Dec	rease) Required	Required
Residential		\$ 110,593,638	\$	107,057,724	\$	3,535,914	3.30%
General Non Demand		23,601,646	;	27,726,450		(4,124,804)	-14.88%
General Demand		71,502,962		75,551,353		(4,048,391)	-5.36%
Large Power		16,649,310)	17,824,647		(1,175,337)	-6.59%
Street Lighting		4,549,858	5	4,733,980		(184,122)	-3.89%
Alachua Wholesale		13,434,646	;	9,234,577		4,200,069	45.48%
Seminole Wholesale		9,924,938	<u> </u>	6,662,359		3,262,579	<u>48.97</u> %
	Total	\$ 250,256,997	<u> </u>	248,791,090	\$	1,465,907	<u>0.59%</u>

EXHIBIT B

Electric Cost of Service



Candor. Insight. Results.

Customer Class	С	ost of Service	Revenues at resent Rates	Difference	Percent Difference
Residential	\$	111,298,200	\$ 106,171,746	\$ 5,126,454	4.83%
General Non Demand		25,369,669	27,541,042	(2,171,373)	-7.88%
General Demand		71,774,938	74,893,057	(3,118,119)	-4.16%
Large Power		16,841,814	17,635,921	(794,107)	-4.50%
Street Lighting		4,605,061	4,733,980	(128,919)	-2.72%
Alachua Wholesale		14,348,725	 9,622,912	 4,725,813	<u>49.11%</u>
Total	\$	244,238,407	\$ 240,598,658	\$ <u>3,639,749</u>	<u>1.51%</u>

EXHIBIT C



Impact of Alachua on Other Classes



EXHIBIT D



EXHIBIT E

	Customer Name	Service Address	Account Type (Residential or Business)
1.	Debbie MArtin	2 2217 NW 16th Terración	Resident
	margaret R.Cook		Resident
	MARK R Cook	113 5, E. 384 ST Guile	Resident
4.	Dianna Kish	4726 NW 27 Terrace Gville	Resident
5.	Liz Kish	4726 NW27 TRIZZ, G'Ville	Resident
6.		5526 SW 42 P2 CYILIS	RESIDENT
7.	Nancybeck	5526 SW 4th PL. GWILLE	RESIDENT
8.	UAURIE NEWSOM	5526 SW 4th PL. GWILLE ZYE ASSOCILATES OF BUVILLE 2521 NW 41 ST 32606	BUSINESS
9.	JOY SARLES	9323 SW STH AVE. JAL 07	Resident
10.			Business
11.	BEN SAUDIA	2424 N W 67R Ta Giville	Residential
12.	PATT, SINONS	2220 NW STR TE GNID	Residential
13.	SANTUTTE	3041 Ju 68# in 32608 B514 Sh S7 LN GAVILLE 32608	Residential
14.	Tom Penzio	B514 Sh 57 LN G11/12 608	BELIDENTIKL
15.	Herold L. Wise	47125W67th Ter G-ville 32608	Residental

	Customer Name	Service Address	Account Type (Residential or Business)
16.	Michael Manley	e 2105 MW 16th Jer Gville	Residential
17.	Rose Mauryer	50/0 NEWaldord, Lot 147	Residential
18.	Labrit-lanigohash	3236 SE 20nd ave Guilles	Kesidenta
19.	Haul T. Torus	1314/ S.E. 7th Ave Guile	Residential
20.	Rob Crithand	23065E 45 Tr 32641	Kesden
21.	Andrea Guy	3501 NE 15th St. Apt. y- 196	Residential
22.	LORENZOLENS	648 N. E. 16th TERR GVIL	- Lesidentiat
23.	JOHN PENKNEY	SAME AND ADONE GUINE	F 11
24.	Pamela barcin	~ 614 NE 20th St Gainesville	Residential
25.	Bitricia Spencer	3434 N.W 54th Lane Grulle, FL. 3265	3 Residential
26.	JERIH	1690 N.E. Cothaver	Residential
27.	Bigg et Jon	Jan 700 NE 24CH Street Gi	Rile, FC-32641 Dent
28.	The Brew Spot	1000 NE 16Th Ave Guile	Business
29.	Lois HERSEY	2450 5.E 200 Lane Apt 357	RESidential
30.	John Hamis	1120 NW 45th AVE IAX FLA 33609	Residentich

	Customer Name	Service Address	Account Type (Residential or Business)
31.	Velinch Davis	1146 N.E 16th Ave 52601	Business
32.	Velinda Davis	1039 SE 11 AVE 32601	Residential
33.	Velinda Davis	1602 SE 12 pl 32641	Residential
34.	Will'E Wint	1602 NE 47 place	Presidential
35.	Dillie F. Dower	\$903 NE 25 StREET	Residential.
36.	Al enouting	2405 NE 57 BIVD #64.	Residue 11
37.	Hilliam Gera	e 6815 West University Ave	3 Residential
38.	Helen Stephen	643 NE 15th 57 32641	Reidential
39.	Caitin Tome Zak	(1400 SW 10th Terrace Apts	Residential
40.	Kaneirfors	1246NE17 th AUE,	Residential
41.	Jeffrey Keatlaber	- 1000 NE 16Th Ave H 32601	Business
42.	Don Stansel	1307 NW 6th of Gainessie	Contractor
43.	Emma Haris	1518 NE 2N2 50 7 4	C. Resident
44.	Chills S.	1050 NEIZTH Ave Giville	Residential
45.	Linda Foday	1408 SW 10th teRhore #34 SH	le Residential
	1	34	601

	Customer Name	Service Address	Account Type (Residential or Business)
46.	RabertSinn	OUS 1118 N.W. 43 AVE Guilte	Kesidence
47.	(hand bos	407 S.E. 14ThAre	Residence
48.	Earnest Pan	Her 603 NW Sth Griet	Residential
49.	Julie Hall	1900 Se USE APT GOUL	Residential
50.	Toma's Mar	1401 2200 - Waldo Rel 3260 B	5 Residence
51.	ANDreAFO	-2-39-11- Ginle	
52.	Kelly Diefendorf	3560 N.W. 35 10 PI GWILTE	ResidenTial
53.	RUSSWUSKER	208 N. B. STH FU'S Guille	兄ろいの、かい~2
54.	DONA Kochman	1376 NEBRANd Ave Giville	Residence
55.	LOBERT Thousion	110 Se gin GLUILle 32601	Facilence
56.	Drew Wood	2701 SW 13m ST Giville 32601	Residence
57.	Renea Bohama	1 3643 5W 20 H Ave 326	57 Resident
58.	Linda Kessler	6720 SW 54 Ave 32608	Resident
59.	Joanne Miller	231 NE 46 " 5+ Gainvill 32641	lærden 1- /·
60.	JAMES Johnson	1004 NE 26 Terr	Reslident

	Customer Name	Service Address	Account Type (Residential or Business)
61.	Vivian Duncan	1600 NE 12 BANE # 49 Gille	Residental
62.		2110 5W 110 ST GUL FL 32607	residential
63.	Joni Ellis,	2205 SE23PC 32641 GIVINE	n
64.	Robert A. Hallins	16671 NUZIVIER. High Springs 32643	//
65.	Anne Orlando	GIVINE GIVINE BERONW 13 St. 32653	Pesintential
66.	Anne Orlando	1315610 Aug 32601	Business
67.	KAREN ORR	2546 SW14 HDR 32608	Resclitial
68.	MARIA PARSOAS	439 NW. 37TH AVE 33609	Residential
69.	JOLEE R. Beat	3212 NW36th St, 32605 1	Residential
70.	Mac Mc Eac	1020 SWIHATER 3260	1 Residential
71.	nan Rannans	4705 NOS 36TH CT 32605	RESIDENTIAL
72.	Kol wiRti	809 N. MAIN ST. Giville	Burnies,
73.1	Ivo Rabell	909 NW 6 St. D'all	Bushere
74.	Tyler Haikey	3147 NW it St 37609	Residential
75.	Best Jewery FLA	V 523 NW 3 Ane Guili, FC 32611	Busihess

	Customer Name	Service Address	Account Type (Residential or Business)
76.	8TH Ave Ford stor	e 1634 NO 8TH Ane Biville	Busenerss .
77.	Abdarrafi Milian	2000 Now 54 Ten Guille	Home hesideattal
78.	Arago Welch	2234 NW 65th Rd	110 Residential
79.	Demarcas Betsey		Home Residential
80.	Greeply Bro	ALGOSXSESTRAVE, GUILE	Business
81.	Quicene Mabrey	301 SE 26th ter Gruitle Ha	Residential
82.	Lillie Mulber	y 1909 S.E. 14th AUE GIVILLE Fla.	Re sidentia/
83.		ms 240,6 S.E 11 St. Civilles 2641	Lesidential
84.	Lucius Stove	+Bub 32 W.E. 27 Ave. F1326	gp esident
85.	Senta Achée	405 NE 10TH Gainenille Ft.	Residenter.
86.	Ala Oneol	506 S.E Bten Gaines Ha	Pl Residen Tial
87	Nekerspa 3 Star	Sutten 1101 SEISTA ST AP.11	Residential
88.		1800 NW 4 57, 812 GNV. 32609	Residential
89.	Jadia white	3.01 NE 15" St Apt J82 GAN, 326	A Residential
90.		610 SE FER APT A Guitle	Residential

	Customer Name	Service Address	Account Type (Residential or Business)
91.	Robert Miller	(5265W 37th WAY Guille	Residential
92.	John Kish	4726NW 2724 Terr	Residential
93.	ROGER Cox	932 NW 45TH TERR	RESIDENTIAL
94.	Sherrie McKnir	lat 10431 SW 25th Place	Residential
95.	BIG Daddy Ent	2025 SW75th St Giville	BUSINESS
96.	NENES GONZALE	39×7 N.W. FT. Terr Givill	RESIDENTIAL
97.	Mildred Russell	3531 NW 35 PL, Gainesville 3263	Residential
98.	Joe Lowersen	4934 NW 28 Place Gamerille	Residential.
99	Paula Helton	3306 N, W, 2 St, Gainesuille	Residential
100.	Alexa (hannes	S201 NW 62NO COURT Camesville EJ 32653	Reschential
101.	Cever Martin	e 2217 NW 16 Ter 32605	- Residential
102.	RosemaryManlo	2105 NW 16 Der 32605	Residential
103.	tamika Johnse	01925 SE 43Rd Gt Apt 34	Repidential
104.	Willie Thompson	1113NE 22AVG-ville Fla 32609	Home Rasidential
105.	Panylia Gibbs	813 HE 17th Dr 1 32641	residential
LOK.	Richard Selw	Ach 1637 NW 8t Am Gnly, FC	Residented
112		32603	

	Customer Name	Service Address	Account Type (Residential or Business)
106.	CarolynSmith	1700 SW Archer Rol 1 &-ville, 32608	Both!
107.		932350 Strifue Gool 32601	Res.
108.	HANOCH TALMOR	2622 NW 27th Place 62605	Reviduce
109.	Derek S. Free	4229 NW 43th St # 31 Guingsville F1. 38606	Residents
110.	Jennifer Bartle	y 1011010 75th St., Suite 3, Game	suille FL (BUSINESS)
111.	N.than St. R	420 NW Soth Guineville, FE 32007	Residentia
112.	5		
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