



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: AUGUST 2, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (HUDSON) *SH DPW*
DIVISION OF LEGAL SERVICES (STERN) *MKS RUE* *CSL RMT* *TDS*

RE: DOCKET NO. 010942-EC - PROPOSED TARIFF FILING TO OFFER NEW ELECTRIC RATE SCHEDULE, TRANSMISSION VOLTAGE SERVICE, BY WITHLACOOCHEE RIVER ELECTRIC COOPERATIVE, INC.

AGENDA: 08/14/01 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\010942.RCM

CASE BACKGROUND

On June 5, 2001, Withlacoochee River Electric Cooperative, Inc. (Withlacoochee), filed for Commission approval a new Transmission Voltage Service rate schedule. The new rate is applicable to customers served at delivery voltages of 69 kilovolts(kV) or higher, and requires a written agreement for electric service between the Cooperative and the customer. However, the Commission has delegated the authority to staff to administratively approve tariff filings by cooperatives as long as: (1) there is no change in the rate structure previously approved for that utility; (2) the change results in the rate relationships moving closer to those approved for the investor-owned electric utilities; or (3) the proposal does not contain new pricing concepts. This is a new rate offering and, therefore, requires Commission approval. Pursuant to Section 366.04(2)(b), Florida

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Statutes, the Commission has authority over the rate structure of rural electric cooperatives which own, operate or maintain an electric generation, transmission or distribution system within the State.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Withlacoochee River Electric Cooperative, Inc.'s proposed Transmission Voltage Service Rate Schedule?

RECOMMENDATION: Yes. The Commission should approve Withlacoochee River Electric Cooperative, Inc.'s (WREC) proposed Transmission Voltage Service Rate Schedule. (HUDSON)

STAFF ANALYSIS: Withlacoochee's proposed Transmission Voltage Service Rate (TVS) Schedule is available to customers served at delivery voltages of 69 kV or higher. The service is available throughout WREC's territory at or near points of delivery from which it receives wholesale power at transmission voltage from Seminole Electric Cooperative, Inc. (Seminole). The rendering of service requires a written electric service agreement between WREC and the customer.

The TVS rate consists of a customer charge, a two-part demand charge, a production fixed energy charge, a non-fuel energy charge, and a distribution facilities charge. In addition, TVS customers must pay all applicable billing adjustments, including the Fuel Adjustment Clause and all applicable taxes.

The TVS customer charge is approximately equal to the customer charge contained in WREC's currently effective General Service Demand (LP) rate schedule. The distribution facilities charge is customer-specific, and will be contained in the electric service agreement required under the TVS rate schedule. It is designed to recover the costs of any electric facilities installed to provide service to the customer, and will be determined by applying a monthly fixed carrying charge rate to the installed cost of the facilities. The remaining base rate charges consist of a two-part demand charge, a production fixed energy charge, and a non-fuel energy charge.

The two part demand charge consists of a production charge and a transmission charge applied to the TVS customer's KW demand at the time of Seminole's system peak hour for the month. This is identical to the manner in which WREC is billed under the SECI-7c rate by Seminole.

The production fixed energy charge is a fixed monthly charge allocated to Seminole's member cooperatives based upon each member's percentage share of the actual energy used for the three prior calendar years. For the TVS rate, WREC converted this annual charge to a per kWh charge based on the preceding calendar year's kWh purchased from Seminole. The production fixed energy charge will be updated annually to reflect changes in the amount billed by Seminole and changes in the kWh usage.

The demand charges, production fixed energy charges and non-fuel energy charges contained in the proposed TVS rate are 5% higher than the rates billed by Seminole under Rate SECI-7c. This difference is approximately equal to WREC's operating margins.

Staff has reviewed the development of the charges contained in the TVS rate schedule, and believes that they appropriately recover the costs associated with service to the customer. Therefore, staff recommends that the Transmission Voltage Service Rate Schedule be approved.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interest are affected by the Commission's order in this docket files a protest within 21 days of the issuance of the order, this docket should be closed. If a protest is timely filed, the tariff should remain in effect, pending resolution of the protest. (STERN)

STAFF ANALYSIS: If no person whose substantial interest are affected by the Commission's order in this docket files a protest within 21 days of the issuance of the order, this docket should be closed. If a protest is timely filed, the tariff should remain in effect, pending resolution of the protest.