

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of GULF POWER COMPANY) DOCKET NO. 881055-EQ
 for approval of non-firm load methodo-)
 logy and annual target levels for) ORDER NO. 22234
 interruptible standby service.)
 _____) ISSUED: 11-28-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON
 THOMAS M. BEARD
 BETTY EASLEY
 JOHN T. HERNDON
 GERALD L. GUNTER

ORDER ON NON-FIRM METHODOLOGY

BY THE COMMISSION:

Rule 25-6.0438, Florida Administrative Code, effective August 21, 1986, requires each investor-owned electric utility offering non-firm electric service to submit for the Commission's review and approval a proposed method for determining the utility's maximum level of cost-effective non-firm load over its generation planning horizon and the utility's annual targets for cost-effective non-firm load. Rule 25-6.0438 also states that specific consideration must be given to each type of non-firm electric service offered and that the maximum levels of non-firm load must be updated by each utility and filed for Commission approval every two years.

Pursuant to Order No. 19547, issued by Prehearing Officer Wilson, Gulf Power Company (Gulf) was instructed to file an interruptible standby tariff and develop and file a methodology and cost-effective annual target levels in compliance with Rule 25-6.0438. Pursuant to Order No. 19798, issued on August 12, 1988, Gulf filed its interruptible standby tariffs on August 8, 1988 and testimony on its proposed methodology and annual target level for interruptible standby service on August 22, 1988. Order No. 19937, issued on September 6, 1988, applied all of the rulings made in Order No. 19798 to this docket to the extent relevant.

This docket has been combined with the other non-firm rule dockets (Dockets Nos. 870189-EI, 870197-EI and 870408-EI) for

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hearing only. The purpose of this hearing was to: (1) decide the proper methodology for determining the cost-effective annual target levels for Gulf's interruptible standby service over Gulf's planning horizon pursuant to Rule 25-6.0438; to determine those annual target levels using the approved methodology; (2) determine the proper means of implementing those target levels; and, (3) make findings pursuant to 18 C.F.R. Subsection 292.305(b)(2) on whether the provision of standby interruptible service will either impair Gulf's ability to render adequate service or place an undue burden on the electric utility. As indicated in Order No. 19798, the purpose of the proceeding was not to fix new rates for non-firm service or approve new rate designs for either full requirements or standby non-firm customers.

On September 1, 1988, the Florida Industrial Cogeneration Association (FICA) filed its request for intervention in this docket. This request was granted orally by the Prehearing Officer at the prehearing conference on September 21, 1988. At the hearing, FICA notified the Commission that they would not be participating in this docket and their prefiled testimony was not entered into the record.

At the October 17, 1989 Agenda Conference, the Commission was advised by Staff that Rule 25-6.0438, Florida Administrative Code, had become unworkable to the extent that it required annual target levels for interruptible standby service to be set. Due to problems encountered in both implementing and administering the rule as it relates to annual target levels, we directed Staff to revisit the rule. We find, therefore, that our ruling on issues in this docket relating to annual target levels should be deferred until Rule 25-6.0438 is revised. We do not feel similarly constrained on issues presented relating to non-firm load methodology for determining whether offering interruptible standby service (ISS) is cost-effective. We find Gulf's submitted non-firm methodology for such service unacceptable and direct Gulf to formulate and resubmit a methodology for our approval consistent with its replies and accompanying exhibits to Staff's interrogatories in this docket. Gulf should be ordered to: (1) file a methodology which compares the costs of the generation expansion plans with and without ISS to the benefits that Gulf's general body of ratepayers would experience through providing such a service; and, (2) identify the amount of savings that would be passed onto Gulf's general

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body of ratepayers as opposed to those of the other Southern companies. We further find that because Gulf has been on notice that this formal methodology has been expected Gulf should be required to submit its methodology as directed within 60 days of the date of this order.

We further find that this Commission does not have the authority under Rule 25-6.0438, Florida Administrative Code, to completely close approved tariffs which have been determined to be non cost-effective to existing customers. In re: Petition of Florida Power & Light Company for Partial Waiver for Requirements of Rule 25-6.0438, Florida Administrative Code, Order No. 18254, Docket No. 870198-EI. In Order No. 18254, we ruled that "should the methodology provided for in Section (5)(a) indicate that the curtailable rate does not offer any economic benefits to FPL's general body of ratepayers ... then the curtailable tariff could only be closed to existing customers in FPL's next rate case." We find that our reasoning and our decision in Order No. 18254 is applicable to this proceeding. We note that in Order No. 18254, the Commission only addressed this issue as it relates to existing customers receiving service under approved tariffs. We find that the Commission may completely close approved tariffs to new customers outside the context of a rate case consistent with actions we've taken in the past.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the non-firm load methodology for determining whether offering interruptible standby service (ISS) is cost-effective submitted by Gulf Power Company is unacceptable. It is further:

ORDERED that Gulf Power Company submit within 60 days of the date of this order a proper methodology for setting the maximum amount of cost-effective non-firm load consistent with its responses to Staff's interrogatories in this docket. It is further

ORDERED that the Commission does not have the authority under Rule 25-6.0438, Florida Administrative Code, to close approved tariffs to existing customers. It is further

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ORDERED that our ruling on all issues in this docket associated with Gulf Power Company's annual target levels are deferred until Rule 25-6.0438 is revised.

By ORDER of the Florida Public Service Commission,
 this 28th day of NOVEMBER, 1989.

 STEVE TRIBBLE, Director
 Division of Records and Reporting

(S E A L)

SBr

by: Kay Flynn
 Chief, Bureau of Records

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 sewer 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 after the issuance 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.