

MEMORANDUM

DECEMBER 16, 1996

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FPSC-RECORDS/REPORTING

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF LEGAL SERVICES (V. JOHNSON) *VA RVE*  
RE: DOCKET NO. 961189-EM - REQUEST FOR APPROVAL OF TARIFF REVISIONS AND NEW RATE RIDERS BY JACKSONVILLE ELECTRIC AUTHORITY.

*1529-80F*

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Attached is an Order Approving Tariffs for Jacksonville Electric Authority to be issued in the above-referenced docket. (Number of pages in Order - 3)

VDJ/js

Attachment

cc: Division of Electric and Gas (Wheeler, Kummer, Jenkins, Trapp)

I: 961189OR.VDJ

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of tariff revisions and new rate riders by Jacksonville Electric Authority. ) DOCKET NO. 961189-EM ) ORDER NO. PSC-96-1529-FOF-EM ) ISSUED: December 16, 1996 )

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 TARIFFS FOR  
JACKSONVILLE ELECTRIC AUTHORITY

BY THE COMMISSION:

The Jacksonville Electric Authority (JEA) has proposed the addition of several rate options which will be available to certain non-residential customers. The new offerings consist of a General Service Large Demand Rider (GSLDR-5), General Service Extra Large Demand Rider (GSXLD), Multiple Account Load Factor Improvement Rider (MA), Load Density Improvement Rider (LDI), Interruptible Service Rider (IS) and Curtailable Service Rider (CS). In conjunction with these new offerings, JEA has also reduced its rates to all existing customer classes. Our staff reviewed and administratively approved the proposed changes to existing rates. This order addresses only the new rate riders which are described below.

GSLDR-5 Rider

The GSLDR-5 rider will be available April 1, 1997, to customers who qualify for service under JEA's General Service Large Demand (GSLD or GSLDT) rate schedules, and the Multiple Account Load Factor Improvement Rider. An eligible customer must have monthly billing demand of 700 kw or more to qualify, or in the case of the MA rider, the customer's combined accounts must exceed 700 kw.

As a condition for service under the rider, a customer must agree to purchase their full electricity requirements from JEA for a minimum initial term of five years. In return the customer will receive a 5% discount on their electric bill, including base rate and fuel adjustment charges. After two years, if a customer wishes to transfer to JEA's standard rates or, if allowed by law, to receive service from another electric service provider, the customer must give JEA at least 36 months' notice. If a customer terminates service giving less than 36 months' notice, the customer

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must pay liquidated damages equal to the monthly kw demand charge times the average billing demand, based on the most recent 12-month period, for each of the remaining months of the contract term.

GSXLD Rider

The GSXLD rider, which became effective October 1, 1996, is available to customers whose monthly billing demands exceed 25,000 kw, or whose existing accounts in the aggregate exceed that level. An eligible customer must execute a ten-year General Service Extra Large Demand Service Agreement, and agree to purchase their full electricity requirements from JEA during that term.

GSXLD customers will pay base rate charges which are 10 percent below JEA's tariffed rates as of September 30, 1996. Effective October 1, 1997, customers will pay rates which are at least 20% below the September 30, 1996 rates. After September 30, 1998, customers pay rates that are at least 10% below the then-prevailing tariffed rates.

Pursuant to the tariff, after the initial five years, a customer may discontinue service by giving JEA 60 months' notice. If a customer discontinues service giving less than 60 months' notice, the customer must pay JEA liquidated damages equal to the monthly kw demand charge times the average billing demand, based on the most recent 12-month period, for each of the remaining months of the contract term.

The form agreement provides upon completion of 5 years of service, a customer may, with 8 months' written notice, terminate service from JEA. This early termination is allowed only if the customer can obtain equivalent electric service from another source which is priced at more than 8% below JEA's price for the remaining term of the contract. The alternate source must be either an existing utility or an energy marketer licensed by the Federal Energy Regulatory Commission to sell firm electricity and capacity. Within 5 months of receiving the notice, if JEA offers a rate which is less than 6% higher than that offered by the alternate supplier, the termination will not take effect. The form agreement also expressly prohibits a customer from installing non-emergency self-generation equipment during the term of the contract.

JEA has four existing customers who are eligible for this rider: The U.S. Navy, the City of Jacksonville, Stone Container Corporation, and the Duval County School District. Stone Container has opted to take service under the Interruptible Service rate.

On July 8, 1996, JEA and the U.S. Navy entered into a ten-year contract whereby the Navy will take service under the GSXLD rate schedule effective October 1, 1996, and will combine selected accounts pursuant to the MA rider beginning on December 1, 1996. In addition, JEA will make available to the Navy \$40 million in funds for financing energy service projects and electro-technology implementation, at an interest rate no greater than the one-year U.S. Treasury Bill rate. JEA also agreed to assume the maintenance of the electric distribution system at the Navy's NAS Cecil Field effective October 1, 1996. JEA estimates that the maintenance costs will be \$100,000-\$150,000 per year. It is anticipated that in 1998, the Navy will transfer ownership of the distribution system to JEA at no cost.

#### Multiple Account Load Factor Improvement Rider

According to the tariff, the MA rider will become effective no sooner than December 1, 1996 and no later than June 1, 1997. This rider is available to customers who currently have two or more service locations within JEA's service territory. A customer is eligible for the MA rider if combined billing demands of all of the customer's accounts qualifies for the GSLD rate (700 kw or greater). Customers are permitted to aggregate the loads of all of their commercial accounts for the purposes of determining the monthly billing demand. Pursuant to Rule 25-6.102, Florida Administrative Code, investor-owned utilities are specially prohibited from engaging in this practice which is known as "conjunctive billing." Our rules do not forbid this practice by municipal utilities.

Under existing rates, a customer pays a separate demand charge for each account, based on that account's maximum monthly demand. Under the MA rider, each of the customer's accounts will be equipped with a demand meter which records the account's kw demand at 15-minute intervals. At the end of the billing cycle, the demands for all accounts, for each interval will be summed. The customer's billing demand for all the accounts will be equal to the highest summed interval. Thus, the load for aggregated MA accounts will appear as if all the accounts were served by a single meter. As a result, to the extent that there is diversity among the customer's demands, the kw billed will be lower than the kw billed under standard rates.

Energy and demand charges under the MA rider are equal to the existing GSLD, GSLDT, or GSXLD rider rates. Thus, a customer's total energy usage and maximum demand will be billed under one rate. In addition, a customer will pay a \$1,000 per month customer charge and a monthly \$50.00 per account site fee.

A customer will not be required to include all accounts for billing under the MA rider, but can choose which accounts will be combined. Although the tariff as proposed does not include this option, JEA agrees to include such a provision in a tariff revision planned for December, 1996.

#### Load Density Improvement Rider (LDI)

The LDI rider became available on October 1, 1996 for new or existing customers who receive service in certain planning districts in JEA's service territory. The planning districts are designated areas where there is less than one large (greater than 1,000 kw) customer per acre. In order to qualify for the LDI rider, a customer must meet the criteria for JEA's General Service Demand or General Service-Large Demand rate schedules. If a customer elects to take service under the LDI rider, however, that customer is ineligible for the other new rider offerings discussed above. The rider is experimental, and application for service must be made prior to October 1, 2000.

A customer must execute a ten-year Load Density Improvement Electric Service Agreement, under which the customer commits to take service for a minimum of seven years. After the initial seven years, a customer may discontinue service, by giving JEA 36 months' notice. If a customer discontinues service under the rider by giving less than 36 months' notice, the customer must pay JEA liquidated damages equal to the monthly kw demand charge times the average billing demand, based on the most recent 12-month period, for each of the remaining months of the contract term.

LDI customers will receive a discount on their total electric bill of 25% in the first year of the contract, 15% in the second year, and 5% thereafter. In the case of new customers, the discount will apply to the total electric bill. In the case of existing customers, the discount will apply only to a material increase in load, which is defined as an increase in energy usage (kwh) of 25%, an increase in demand of 500 kw, or the addition of 25 full-time jobs.

#### Interruptible (IS) and Curtailable (CS) Service Riders

JEA has also proposed two new experimental non-firm rate schedules. These rate schedules became effective on October 1, 1996. A customer is eligible for IS and CS service if that customer meets the criteria for service under the GSLD or GSLDT rate schedules. Application for service must be made on or before October 1, 2000, for an initial term of 3 years. For the period October 1, 1996 through December 31, 1997, a customer may cancel

service under the rider. Thereafter, a customer must give JEA 60 months' notice prior to returning to a firm rate schedule.

JEA may interrupt service to an IS customer when the utility needs all of its capacity to serve its firm customers, to supply emergency interchange service to another utility, or when the price of power available to JEA from other sources exceeds 30 cents per kwh.

Both the IS and CS rate schedules contain a buy-through option whereby a customer can minimize interruptions by allowing JEA to buy power from other sources during periods of normal interruption. For these purchases, the customer must pay the actual cost of the power, plus 3 mils per kwh, in lieu of the energy charge listed in the rate schedule. The buy-through provisions also states that:

Should the JEA not be able to arrange Buy-Through power, then the customer may, at its option, arrange for reliable delivery to JEA of the amount of power JEA has interrupted. The customer must notify the JEA of the power provider in sufficient time for the JEA to establish a contract with the provider, if none exists.

According to JEA, this provision is intended to enable customers to identify alternative suppliers in the event of an interruption, if JEA is unable to do so. Once an alternate supplier is located, JEA will enter into a contract with the supplier. JEA states that the buy-through provision is not intended to allow a customer to make purchases directly from a third party supplier, as this would constitute retail wheeling. JEA will clarify the language in the buy-through provision during its December, 1996 rate hearing.

JEA developed the IS and CS rates by adjusting the existing GSLD firm rate to remove a large proportion of the production plant costs, since JEA will not plan to serve these customers. Having reviewed this methodology, we find that the IS and CS rates are reasonable.

Upon consideration, we approve the proposed rate options. The Commission does not regulate the revenue requirement or rate level of municipal utilities, therefore, we give great deference to JEA's request. Pursuant to Section 366.04(2), Florida Statutes, we have jurisdiction to prescribe a rate structure for municipal and rural cooperative utilities. Given this authority, we may investigate any future concerns relating to JEA's rate structure which may arise as a result of JEA's implementation of the riders. Our approval of JEA's proposal should not be used as precedent for

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proposals by investor-owned utilities for which we do have rate level jurisdiction.

With respect to the GSLDR-5, GSXLD, and LDI riders, JEA did not file, as tariff sheets, the form agreements that customers must execute prior to taking service under the riders. JEA agrees to file these form agreements as tariff sheets.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Jacksonville Electric Authority's proposed General Service Large Demand Rider, General Service Extra Large Demand Rider, Multiple Account Load Factor Improvement Rider, Load Density Improvement Rider, Interruptible Service Rider and Curtailable Service Rider are hereby approved. It is further

ORDERED that if a protest is filed in accordance with the requirement 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 16th day of December, 1996.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

VDJ

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 January 6, 1997.

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.