

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Generic Investigation ) DOCKET NO. 960950-EI  
into load retention and load ) ORDER NO. PSC-96-1459-FOF-EI  
building rates for investor- ) ISSUED: December 2, 1996  
owned electric utilities. )  
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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 CLOSING DOCKET

BY THE COMMISSION:

By Commission Order No. PSC-96-0845-FOF-EI, issued in Docket No. 951161-EI, on July 2, 1996, we denied the Commercial/Industrial Service Rider (CISR) Tariff filed by Gulf Power Company (Gulf). After a two day hearing, we found that the tariff and implementation procedures proposed by Gulf were inadequate. We agreed, however, that utilities may need the option to offer flexible pricing arrangements in lieu of standard tariff service due to increasing competitive pressures, therefore, we directed that a generic investigation be initiated to address tariffs designed to retain customers on a utility's system or attract customers to the system. As a result, this docket (No. 960950-EI) was opened.

Since Order No. PSC-96-0845-FOF-EI was issued, we have reviewed and approved several flexible pricing proposals. In addition, we have been informed of initiatives underway in other states and at the federal level in response to developments in the energy market. Based upon these activities, which are discussed below, we have considered many of the issues the generic investigation was intended to address.

On June 28, 1996, Gulf filed a petition for authority to implement its CISR tariff on a pilot/experimental basis and Docket No. 960789-EI was opened. Because the tariff filed by Gulf was the same as the one which we rejected in Docket No. 951161-EI, Gulf voluntarily withdrew the tariff at our July 30, 1996 agenda conference. At that time, we directed Gulf to meet with our staff

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to develop a tariff to address the concerns which were identified in Order No. PSC-96-0845-FOF-EI. To facilitate our evaluation of Gulf's revised proposal, we instructed staff to develop a "laundry list" of options to the tariff and implementation plan proposed by Gulf. At our September 3, 1996 agenda conference, we considered this laundry list and seven alternative proposals presented by staff. The alternatives ranged from minor variations of Gulf's proposal to more traditional regulatory approaches such as rate freezes and caps on return on equity.

Through a lengthy report prepared by the Division of Research and Regulatory Review (RRR), we have been informed of flexible pricing tariffs which have been approved in Alabama, Georgia and Mississippi. This report, which was based upon a survey of state regulatory agencies, included the specific tariff language adopted and discussed the rationales offered by the state commissions for approving the tariffs. During the hearing in Docket No. 951161-EI, we were also informed of specific proposals in California, Michigan, Ohio, New Jersey, South Carolina, Louisiana, Oklahoma, and New Hampshire through staff testimony presented by the Division of Electric and Gas.

By Order No. PSC-96-1219-FOF-EI, issued in Docket No. 960789-EI, on September 24, 1996, we approved Gulf's CISR tariff and pilot study implementation plan. In addition, during the last twelve months, we have reviewed and approved proposals by the Fort Pierce Utility Authority (Docket No. 951255-EM), the City of Lakeland (Docket No. 960680-EM), the City of Homestead (Docket No. 960844-EM), City Gas Company of Florida (Docket No. 960920-GU) and the Jacksonville Electric Authority (Docket No. 961189-EM). A proposal by the Gainesville Regional Utilities Commission is currently pending in Docket No. 961106-EM. Through these filings, we have explored a variety of flexible pricing schemes which are designed to enable a utility to retain or attract commercial/industrial load to its system and protect its general body of ratepayers. Some of the proposals contain conventional concepts such as interruptible and curtailable rates. We have also approved more competitive approaches which require determination of load that is "at risk" of by-passing a utility's system, aggregation of load, and pricing based on the incremental cost to serve the customer.

Through our analysis of the various proposals, we have considered and developed many of the issues the generic docket was intended to explore. Furthermore, our analysis indicates that Florida utilities are significantly different from each other with respect to the economic pressures that they face and their financial, operational and administrative capabilities to meet

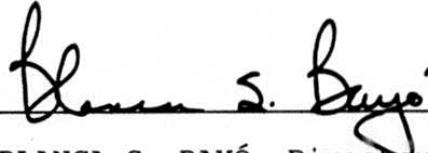
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those pressures, that a "one-size-fits-all" competitive tariff for all utilities is not viable. Because of this, we find that the generic docket shall be closed. We will continue to evaluate each proposal on its own merits, given the utility's circumstances and considering the implications of these non-traditional tariffs on the efficiency, reliability, and competitiveness of the electric industry in Florida.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 2nd day of December, 1996.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

VDJ

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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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/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 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.