BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Home Builders Association to review and remedy unfair and unreasonable rate structure of Withlacoochee River Electric Cooperative, Inc.	)	DOCKET NO. 880585-EC
	)	ORDER NO. 21984
	)	ISSUED: 10-2-89

The following Commissioners participated in the disposition of this matter:

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

ORDER DENYING MOTION FOR RECONSIDERATION

BY THE COMMISSION:

Florida Home Builders Association (FHBA) filed a Motion for Reconsideration of Order No. 20768 entered on February 17, 1989. Order No. 20768, in part, disposed of a complaint filed by FHBA challenging Withlacoochee River Electric Cooperative Inc.'s (WREC's) $500 contribution-in-aid- of-construction (CIAC) tariff charge. In its Motion, FHBA has two main points. These are:

(1) There was no competent substantial evidence to support the Commission's finding that the CIAC is reasonable because '... the current [less] embedded differential per customer is greater than $500'; and

(2) The decision, by its own terms, knowingly sanctions and imposes an invalid rate structure until such time as WREC corrects the structure.

FHBA's first argument hinges on the assertion that the Commission made an "extraordinary adjustment" in the reassignment to new customers of costs to increase system capacity in the calculation of the CIAC. They assert that this

"extraordinary adjustment" was not supported by competent substantial evidence. We disagree with FHBA's arguments for the following reasons.

First, the allocation of zero costs associated with Increased System Capacity to new customers is, according to Mr. Shurbutt, a very conservative estimate.

Mr. Shurbutt testified that Exhibit 210, which shows 75 and 25 percent assignments of increased capacity costs, was prepared in response to questioning on this point at the hearing. He agreed that a 75 percent allocation of those costs would be more appropriate than a 25 percent allocation - after already having stated that the zero allocation was not correct. Seeing that the original allocation was a very conservative estimate and absent evidence to the contrary, the Commission considered the use of a 75 percent assignment as being more reflective of costs incurred to serve new customers.

Secondly, FHBA appears to be confusing the assignment of costs associated with increases in system capacity with the total percentage of new construction costs assignable to new customers. While the two are related, they are not the same thing. FHBA continues to rely upon the 27 percent assignment of costs to existing customers, despite the testimony that the 27 percent assignment was simply a mathematical result of the analysis of the costs in the Work Plan, not an assumption of the study itself.

FHBA further argues that since the cost study was flawed, a charge based on that study is necessarily invalid. Evidence developed during the hearing help supply a correct cost basis for a CIAC. The fact that the original study does not support the $500 is irrelevant. We made various adjustments as a result of evidence developed at the hearing to arrive at our decision. The data developed at the hearing does support a $500 CIAC charge as being fair, just and reasonable for residential (RS) and small commercial customers (GS).

As we see it, FHBA has no standing to object to the lack of a cost-based CIAC insofar as large (demand-metered) customers are concerned unless it is shown to materially affect RS and GS customers. We find under the circumstances the record does not indicate that the failure to have a cost-based CIAC for large customers for even a short period of time would

have a material impact on the amount of CIAC charged to RS and GS customers. The RS and GS classes comprise over 98 percent of WREC's customer base. WREC was directed to submit a cost study establishing a CIAC for large customers based on the same principles as those used for the RS and GS classes. Taking all of these factors into consideration, plus the fact that WREC does not anticipating any new large industrial customers in the near future, are the basis upon which the Commission decided to order that the charge be approved.

It is clear that our decisions set forth in Order No. 20768 were properly based upon the evidence and testimony and no error in fact or law has been made and, therefore, FHBA 's Motion for Reconsideration must be denied.

It is therefore,

ORDERED by the Florida Public Service Commission that Florida Home Builders Association's (FHBA's) Motion for Reconsideration is hereby denied. It is further

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission, this 2nd day of October, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

NOTICE OF 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 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.