



# 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:** DECEMBER 3, 1998

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF ELECTRIC AND GAS (WHEELER) *JW*  
DIVISION OF LEGAL SERVICES (PAUGH) *JPP*

**RE:** DOCKET NO. 981356-EG - PETITION BY FLORIDA POWER & LIGHT COMPANY FOR EXTENSION OF EXPERIMENTAL REAL TIME PRICING RATE, RATE SCHEDULE RTP-GX, THROUGH DECEMBER 2000

**AGENDA:** 12/15/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** DECEMBER 18, 1998: 60-DAY TARIFF SUSPENSION DATE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\EAG\WP\981356.RCM

### CASE BACKGROUND

Florida Power and Light Company (FPL) received approval for its Real Time Pricing Rate Schedule (RTP-GX) in October 1994 (Order No. PSC-94-1232-FOF-EG). The rate was approved on an experimental basis to become effective on February 1, 1995 and to end on December 31, 1998, when the customers on the rate are required to return to their otherwise applicable rate schedule. On October 19, 1998, FPL filed a petition to extend the availability of the RTP-GX rate through December 2000. This recommendation addresses the petition.

DOCUMENT NUMBER-DATE

13620 DEC-3 98

DIVISION OF RECORDS AND REPORTING

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission grant Florida Power & Light's petition to extend the effective date of its Experimental Real Time Pricing rate schedule (RTP-GX) to December 2000?

**RECOMMENDATION:** Yes, provided that FPL continues to comply with the requirements of the Commission's Order No. PSC-94-1232-FOF-EG approving the RTP-GX rate. [WHEELER]

**STAFF ANALYSIS:** The RTP-GX rate was approved in October 1994 on an experimental basis. The rate became effective on February 1, 1995, and expires on December 31, 1998. The RTP-GX rate is designed to gauge customer reaction to hourly price signals. The purpose of the RTP-GX rate is to encourage customers to shift their usage of electricity from high-cost hours to lower-cost hours by providing price signals which better reflect system costs throughout the day. Under the rate, FPL transmits to customers by 4:00 p.m. a set of 24 hourly prices that will be in effect for the following day beginning at midnight. Customers then have the opportunity to adjust their usage to take advantage of lower cost hours.

The rate as originally approved was available to firm customers whose maximum monthly demands exceeded 1,500 Kilowatts (kW). In November 1995, FPL petitioned the Commission to modify the rate to lower the minimum required monthly demand to 1,000 kW, due to its inability to attract a sufficient number of participants in the experiment. At the time FPL petitioned for the change, there were only four RTP-GX customers. By the end of 1996, there were 39 RTP-GX customers. As of September 30, 1998, there were 42 customers. Participation in the experiment is limited to a maximum of 50 customers.

FPL asserts that since the end of 1996, when it secured an adequate number of customers for a meaningful experiment, it has not experienced sufficient extreme load conditions on its system to allow it to gather data to measure customer responses to the hourly prices under the RTP-GX rate. Citing the lack of extreme load conditions and the delay in signing up a sufficient number of customers, FPL is requesting that the RTP-GX rate be extended to the end of calendar year 2000 to allow collection of sufficient data for a meaningful experiment.

The staff believes that it is reasonable to extend the availability of the RTP-GX rate schedule through the end of 2000, provided that FPL continues to comply with the requirements of the

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Commission's Order No. PSC-94-1232-FOF-EG approving the RTP-GX rate. In that order, FPL was required to file with the Commission quarterly reports of all costs incurred during the RTP-GX experiment, and their impact on FPL's return on equity. In addition, FPL was precluded from seeking recovery of the Marginal Reliability Cost Transactions and Marginal Recovery Transactions costs incurred while the RTP-GX experiment is in effect. These costs represent the revenue differences between standard and RTP-GX rates, and they are reported "below the line" for purposes of the surveillance report. Staff recommends that the Commission extend the availability of the RTP-GX rate through the end of 2000 provided that FPL continue to comply with these and all other requirements of the order.

ISSUE 2: What is the appropriate effective date of the revised tariffs?

RECOMMENDATION: The appropriate effective date for the revised tariffs is December 18, 1998. [WHEELER]

STAFF ANALYSIS: If the Commission approves the proposed tariff revisions at the December 18, 1998, Agenda Conference, they should become effective on that date.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests 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. [PAUGH]

STAFF ANALYSIS: If no person whose substantial interests 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.



# FECA

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November 2, 1998

Ms. Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

Dear Ms. Bayo:

Please accept this letter as our official request to be put on the mailing list for the following docket(s):

Docket No. 981356-EG  
981360-EI  
981390-EI  
981396-EI

Thank you for your assistance in this matter.

Sincerely,

Michelle Hershel  
Director of Regulatory  
Services

*revised 11-2-98*

MH/hd