



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-

RECEIVED-PPSC
JUN 29 AM 11:53
RECORDS AND REPORTING

DATE: JUNE 29, 2000

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

FROM: DIVISION OF ECONOMIC REGULATION (WHEELER) *DW*
DIVISION OF LEGAL SERVICES (ISAAC) *RNI WOK for RVE*

RE: DOCKET NO. 000298-EI - PETITION BY FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF PROPOSED REVISIONS TO CURTAILABLE SERVICE TARIFF.

AGENDA: 7/11/00 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 8-MONTH EFFECTIVE DATE: NOVEMBER 8, 2000

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\000298.RCM

CASE BACKGROUND

Florida Power & Light Company (FPL) filed a petition for approval of proposed revisions to its curtailable rate schedules on March 8, 2000. The Commission voted to suspend the tariff at its April 18, 2000 Agenda Conference to allow staff additional time to evaluate the petition. On May 26, 2000, FPL filed an amended petition for approval of proposed revisions to its curtailable rate schedules.

DOCUMENT NUMBER-DATE

07929 JUN 29 8

FPSC-RECORDS/REPORTING

ISSUE 1: Should the Commission approve Florida Power & Light Company's proposed revisions to its curtailable rate schedules?

RECOMMENDATION: Yes. [WHEELER]

STAFF ANALYSIS: FPL is proposing identical changes to each of its curtailable rate schedules (i.e., rates CS-1, CST-1, CS-2, CST-2, CS-3 and CST-3). The proposed provisions are substantially similar to those already contained in FPL's non-firm Commercial-Industrial Load Control (CILC) and Interruptible Standby and Supplemental (ISST) rate schedules.

Under the terms of the curtailable rate schedules, customers agree to curtail their use to at or below their agreed-upon maximum level of kilowatt (kw) demand when requested to do so by FPL. In return for agreeing to curtail when requested, the customer is given a credit of \$1.70 per kw applied to the difference between the customer's actual maximum demand for the month and the contracted maximum demand specified in their agreement for service.

If a customer fails to curtail when requested, a charge is imposed that includes repayment of credits given in the past and payment of a per kw penalty amount based on the customer's demand in excess of the contracted level during the curtailment period.

The proposed changes to the curtailable tariffs add provisions that forgive payment of this charge if the failure to curtail is attributable to certain events:

1. Force Majeure events - Defined in the tariff as causes not within the reasonable control of the customer and not caused by negligence or lack of due diligence by the customer
2. Maintenance of generation equipment performed at a prearranged time and date mutually agreeable to by FPL and the customer and which is necessary for the implementation of load curtailment
3. Events affecting local, state or national security

The proposed changes also state that if a customer fails to curtail due to one of these events and is forgiven the charge, the

customer must pay the otherwise applicable tariffed charges, and in addition, an energy charge equal to:

...the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cents per kilowatt-hour basis) that FPL is purchasing during that period, less the applicable fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C.

By charging curtailable customers the actual cost of energy during those periods when they fail to meet their curtailment obligation, the impact on the remaining body of ratepayers is minimized.

As noted above, the proposed provisions are substantially similar to those already contained in FPL's other non-firm rate offerings. FPL believes that it is important that curtailable customers be treated in the same manner as its other non-firm customers in the case of force majeure or other unusual events, to prevent decreased participation in curtailable service.

Staff believes that it is reasonable and equitable to afford curtailable customers the same treatment regarding failure to comply with curtailment requests as FPL's other non-firm customers. Staff therefore recommends that the proposed tariff revisions be approved.

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

RECOMMENDATION: The revised tariffs should become effective July 11, 2000. [WHEELER]

STAFF ANALYSIS: If the Commission approves the proposed tariff revisions at its July 11, 2000 Agenda Conference, they should become effective on that date.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if no protest is filed within 21 days of the issuance of the order. [ISAAC]

STAFF ANALYSIS: If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.