

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Complaint against Quincy) Municipal Electric System by the) Floridin Company regarding rate.)	DOCKET NO. 910836-EM ORDER NO. 25645 ISSUED: 1/27/92
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY

ORDER APPROVING TARIFF

BY THE COMMISSION:

On August 6, 1991, the Floridin Company (Floridin) filed a complaint against the City of Quincy's Municipal Electric System (City or Quincy). Floridin takes service from the City's municipal electric utility under the City's General Service Demand (GSDS) rate schedule. In its complaint, Floridin concludes that the "rate structure of the City of Quincy is not fair, just and reasonable as required by Section 25-9.052, Florida Administrative Code, insofar as the GSLD (GSDS) rate class is disproportionately high relative to the RS rate class." Accordingly, Floridin requested that this Commission prescribe a rate structure for Quincy that is fair, just, and reasonable, and in so doing, that Quincy's rate structure be revised so that the relationship between the GSDS (GSD) and RS rates would be consistent with similar rates charged by Florida's investor-owned utilities. In addition, Floridin requested that we grant any other relief we deemed to be fair and reasonable.

Floridin concluded that Quincy's rate structure was not fair, just, and reasonable, in part, based on our decision in Order No. 23753, issued November 14, 1990, in which we approved changes to Quincy's rate structure. In Order No. 23753, we stated concern "with a possible significant overcharging of the GSDS class relative to the RS and GSS classes." Accordingly, in Order No. 23573, we ordered the City to significantly improve the relationship between the rates and charges of the GSDS class and those of the other classes in its next rate filing. We determined this relationship needed to be improved by comparing typical bills in Quincy's various rate classes to typical bills of the various rate classes of Florida's investor-owned utilities.

DOCUMENT NUMBER-DATE

00961 JAN 27 1992

FPSC-RECORDS/REPORTING

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In response to Floridin's complaint, at the September 24, 1991, Agenda Conference, we voted to issue Quincy a comment letter. This comment letter requested the City to justify the relationship between the rate levels of its various rate classes, or to redesign its rate charges, and thereby significantly improve the relationship of the rate levels for the various rate classes. We requested that Quincy respond to this letter by November 1, 1991.

On November 8, 1991, Floridin filed a motion for expedited hearing. In this motion, Floridin also requested that we order the City to hold \$27,000 of revenue per month subject to refund, beginning with the November 1991 billing period.

On November 22, 1991, Quincy responded to the comment letter and revised its rates. The City responded a second time on December 3, 1991, by filing a different set of revised rates. This latest filing would implement the first step of a two step process in revising Quincy's rate structure.

Quincy filed no supporting documentation for its rate changes that were implemented in 1990 nor for those authorized herein. In the absence of a cost of service study, Staff compared Quincy's present and proposed rates for its various classes to those of Florida Power Corporation (FPC), an investor-owned utility.

Staff calculated bills for the average usage of Quincy's RS, GS, and GSD customers, at present and proposed rates. The bills used for the RS and GS classes were for 887 and 4378 KWH, respectively. The bill used for GSD was calculated with a demand of 296 KW and usage of 96,684 KWH. Additionally, a bill for Floridin's average billing determinants was used for the fiscal year ending September 1991. This bill was calculated under Quincy's present GSD rate and its proposed GSLD rate, and under FPC's GSLD rate. The bills did not include county or state sales tax, and the bills calculated under Quincy's rates did not include an adjustment for power factor. In order to calculate a per KWH charge for these bills, the total bills were divided by KWH usage. The per KWH charges for these two utilities, and the ratio of Quincy's charges to FPC's charges, are shown on the following table.

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CHARGE PER KWH FOR TYPICAL BILLS FOR VARIOUS RATE CLASSES
 FOR CITY OF QUINCY AND FLORIDA POWER CORPORATION
 AT PRESENT AND PROPOSED RATES

<u>Rate Class</u>	<u>City of Quincy</u>	<u>Florida Power</u>	<u>Ratio of Quincy's Charge to FPC's</u>
<u>Present Rates</u>			
RS	\$.06319	\$.07175	.88
GS	.06300	.06693	.94
GSD	.06142	.05318	1.15
Floridin	.05812 (GSD)	.04824 (GSLD)	1.20
<u>Proposed Rates</u>			
RS	\$.07103	\$.07175	.99
GS	.07037	.06693	1.05
GSD	.05935	.05318	1.12
Floridin	.05942 (GSLD)	.04824 (GSLD)	1.14

The ratio of Quincy's per KWH charge to FPC's per KWH charge at present rates ranges from a low of .88 for RS to 1.20 for Floridin. By implementing this first step, we find that we are reducing the range in indices to .99 for RS to 1.14 for Floridin. We find that this reduction in the range of ratios indicates a considerable improvement in the relationship of the rate levels for the various rate classes.

Quincy's tariffs provide for a power factor adjustment charge equal to 1% of the demand charge for each 1% the customer's average power factor is below 90% lagging. Floridin argued that its facility operates at a power factor that normally ranges between 80 and 81 percent. The City is not presently charging Floridin the power factor charge. If the City were to charge Floridin this power factor charge, Floridin's bill, based on the aforementioned average billing determinants, would be 1.4 percent higher than a bill based on the revised rates without the power factor charge. Under this rationale, the ratio of Quincy's charge per KWH to FPC's charge per KWH for Floridin, would be 1.15 instead of 1.14. We find that because Quincy's tariffs provide for the power factor charge, Quincy shall bill all customers having power factors established below the 90 percent charge, or Quincy shall eliminate the charge.

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In addition, we find that the first step increases the revenue requirements of Quincy's residential (RS) and general service nondemand (GS) classes by 11.9 percent and 11.8 percent respectively, and that it decreases the revenue requirement of Quincy's general service demand class (GSD) by 3.09 percent. In addition, these first step rate adjustments implement a general service large demand class (GSLD), which will be applicable to Floridin. This new GSLD rate is the same as the GSD rates, except that the GSLC rate schedule has a \$.34 credit per billing KW when the customer takes service at distribution primary voltage, and it also has a 1.0% reduction factor which applies to the demand and energy (base rate) charges when the customer is metered at a voltage above distribution secondary. We find that under this GSLD rate schedule, Floridin should receive a bill approximately 2.4 percent lower than it would under the GSD rate.

In revising Quincy's rate structure, the City added language to its GSD and GSLD rate schedules which defines the billing demand as the maximum demand in a 15-minute interval, and which requires GSD and GSLD customers to pay a minimum billing demand of 35 KW and 1000 KW, respectively. The previous rate schedule required GSD customers to pay a minimum billing demand of 50 KW. Under this new language, GSD customers whose demand is less than 50 KW for more than six months out of 12 months shall be required to transfer to GS for at least 12 months. If a customer is transferred under this provision, the customer will be unable to transfer back to GSD until a demand of 50 KW or more is established for six out of 12 months.

Because we believe Quincy's revised rates represent a reasonable first step adjustment to Quincy's rate structure, we approve these tariffs as the first step to its change in rate structure. In addition, we find that these revised rates shall be the first of a two step increase in rates, and that Quincy has committed to implement this two step process in order to meet this Commission's goal on rate structure. In so doing, the City shall implement its second set of rates by February 1993. In so doing, Quincy shall submit rates for the second step of its change to rate structure so that we may vote on this second step before it becomes effective in February of 1993.

Because we find Quincy's first step revision to its rate structure to be a considerable improvement to the relationship of rate levels of the various rate classes, this matter shall not be set for hearing. Accordingly, Floridin's motion for an expedited hearing is denied.

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In Floridin's Motion for Expedited Hearing, Floridin also requested us to "exercise [our] jurisdiction over the rate structure of municipal utilities by ordering Quincy to hold \$27,000 of revenue subject to refund per month beginning with November 1991." Quincy disputes whether we have "jurisdiction to order municipal utilities to hold revenue subject to refund."

Pursuant to Section 366.04(2)(b), Florida Statutes, we have jurisdiction "[t]o prescribe a rate structure for all electric utilities." There is some question as to whether our authority to order refunds falls within our authority to prescribe rate structures. Section 366.06(4), Florida Statutes, authorizes us to order refunds in cases where there are unjustified charges by utilities. Because Section 366.11(1), Florida Statutes, appears to exempt municipalities from the provisions of Section 366.06, Florida Statutes, we may not have jurisdiction to order municipalities to make refunds. We do not believe that it is appropriate, in this instance, to test our jurisdiction, because we find that Quincy has acted in good faith to correct the municipality's rate structure problem. Until Floridin's petition was filed, Quincy's rate structure had never been ruled inadequate by us. Accordingly, we deny Floridin's request that the Commission order Quincy to hold \$27,000 of revenue subject to refund per month beginning with the November 1991 billing period.

Finally, we find that this docket shall be kept open until Quincy files its second step to its revision of its rates structure, and until this second step has been evaluated and approved by us.

It is, therefore,

ORDERED by the Florida Public Service Commission that the first step of revisions to the City of Quincy's rate structure is hereby approved. It is further

ORDERED that the City of Quincy shall file the second step of its revision to its rate structure so that this Commission can approve this revision before the second step becomes effective in February of 1993. It is further

ORDERED that Floridin Company's motion for an expedited hearing and its motion to hold revenue subject to revenue is hereby denied. It is further

ORDERED that this docket shall remain open until this Commission has approved the City of Quincy's second step adjustment to its rate structure.

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By ORDER of the Florida Public Service Commission, this
27th day of JANUARY 1992.


 STEVE TRIBBLE, Director
 Division of Records and Reporting

(S E A L)

MAB:bmi
 910836.BMI

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 2/17/92.

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.

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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 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 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.

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FIFTH REVISED SHEET 2.0
CANCELS FOURTH REVISED SHEET NO. 2.0

NAME OF UTILITY CITY OF QUINCY

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Issued by: Kenneth A. Cusya
City Manager

EFFECTIVE DATE: Deliber. Feb. 3, 1991

Issued Date: December 11, 1991

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FIRST REVISED SHEET NO. 6.0
CANCELS ORIGINAL SHEET NO. 6.0

NAME OF UTILITY CITY OF QUINCY

INDEX OF RATE SCHEDULES

<u>DESIGNATION</u>	<u>DESCRIPTION</u>	<u>SHEET NUMBER</u>
RS	Residential Service	7.0
GS	General Service	8.0
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GSLD	Regular General Service Demand-Large Demand	10.0 - 10.1

ISSUED BY: Kenneth A. Covert

EFFECTIVE DATE: Delivery Jan. 2, 1991

City Manager

Billing Feb. 3, 1991

ISSUED DATE: December 11, 1991

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FIFTH REVISED SHEET NO. 7.0
CANCELLING FOURTH REVISED SHEET NO. 7.0

NAME OF UTILITY: CITY OF QUINCY

REGULAR RESIDENTIAL SERVICE

RATE SCHEDULE RS

AVAILABILITY - This schedule is applicable to electric service throughout the entire territory served by the City of Quincy to individual (single family) residences, apartments, farms or city service. This rate is not applicable to business houses, licensed boarding or rooming houses, or when advertised as such, educational institutions or apartment houses, except when the latter is served by a meter for each apartment. Single phase motors used for residential purposes and rated at more than 7.5 hp may be connected only at the option of the City. All of the electrical appliances to be served under this rate are subject to approval by the City.

CHARACTER OF SERVICE - Energy delivered under this schedule shall be alternating current, 60 hertz, single phase, at a nominal 120/240 volts. The City may, at its option, provide three phase, 120/240 volt service if and when readily available, but only where individual motors rated at 7.5 hp or larger are connected.

MONTHLY RATE:

CUSTOMER CHARGE	\$2.40 per meter
Flat Kilowatt-hour Charge	\$0.06347 per kWh

MINIMUM CHARGE:

\$2.40 per meter per month

PURCHASED POWER COST ADJUSTMENT - The energy charge shall be increased 0.0106 cents/kWh for each 0.100 cents/kWh or fraction thereof increase above 3.1 cents kWh in the average wholesale cost of purchased power to the City from all sources including any fuel or other special adjustments. The energy adjustment shall be computed each month by the City and rounded to the nearest 0.01 cent/kWh.

TAX ADJUSTMENT - The rate and charges set forth herein shall be subject to proportional increases to compensate for any applicable new taxes or increases in existing taxes which may hereinafter be imposed by any state or federal taxing body.

ISSUED BY: Kenneth A. Green EFFECTIVE DATE: Delivery: Jan. 2, 1992

City Manager Billing: Feb. 3, 1992

ISSUED DATE: December 11, 1991

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FIFTH REVISED SHEET NO. 8.0
 CANCELLING FOURTH REVISED SHEET NO. 8.0

NAME OF UTILITY: CITY OF QUINCY

REGULAR GENERAL SERVICE

RATE SCHEDULE OS

AVAILABILITY - This schedule is applicable to electric service at a single metering point throughout the entire territory served by the City of Quincy for all service other than residential service and security lights.

CHARACTER OF SERVICE - Service to be furnished under this schedule shall be alternating current, 60 hertz, single phase, 120/240 volts, or three phase at nominal 120/208, 120/240, or 277/480 volts, at the option of the City, depending upon the class of service available.

MONTHLY RATE:

CUSTOMER CHARGE	\$6.65 per meter
Flat Rate Kilowatt-hour Charge	\$0.06431 per kWh

MINIMUM CHARGE:

\$6.65 per meter per month

PURCHASED POWER COST ADJUSTMENT - The energy charge shall be increased 0.0106 cents/kWh for each 0.100 cents/kWh or fraction thereof increase above 3.1 cents kWh in the average wholesale cost of purchased power to the City from all sources including any fuel or other special adjustments. The energy adjustment shall be computed each month by the City and rounded to the nearest 0.01 cent/kWh.

TAX ADJUSTMENT - The rate and charges set forth herein shall be subject to proportional increases to compensate for any applicable new taxes or increases in existing taxes which may hereinafter be imposed by any state or federal taxing body.

ISSUED BY: Kenneth A. Cowen EFFECTIVE DATE: Delivery: Jan. 2, 1992

City Manager Billing: Feb. 3, 1992

ISSUED DATE: December 11, 1991

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FIFTH REVISED SHEET NO. 9.0
 CANCELLING FOURTH REVISED SHEET NO. 9.0

NAME OF UTILITY: CITY OF QUINCY

REGULAR GENERAL SERVICE DEMAND

RATE SCHEDULE GSD
 (Continued on Sheet No. 9.1)

AVAILABILITY - This schedule is applicable to electric service throughout the entire territory served by the City of Quincy to those customers having billing demands not less than 50 kW when, but only when, all electric service on a given customer's premises, other than security lights, is taken and paid for under this rate schedule at a single metering point.

MONTHLY RATE:

CUSTOMER CHARGE	\$60.45 per meter
DEMAND CHARGE	\$3.70 per kW of Demand
ENERGY CHARGE	
Flat Rate Kilo-watt-hour charge	\$0.04315 per kWh
per kW of Demand	

MINIMUM CHARGE:

\$60.45 plus the currently effective Demand Charge

TERMS AND CONDITIONS OF SERVICE:

Service under this rate shall be for a minimum initial term of twelve months from commencement of service.

Customers taking service under another City rate schedule who elect to transfer to this rate must remain on this rate for a minimum term of twelve months unless disconnected by the City under applicable rules.

Where special equipment to serve the Customer is required, the city may require a specified term of service contract or a non-refundable contribution in aid of construction.

Service will be available at a single voltage 60 hertz, normally 120/240 volts, three phase, open delta, 240 volts three phase, 120/208 volts three phase, or 277/480 volts three phase, at the option of the City. Loads may be served at other three phase voltages, at the option of the City.

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FOURTH REVISED SHEET NO. 9.1
 CANCELS THIRD REVISED SHEET NO. 9.1-3

NAME OF UTILITY: CITY OF QUINCY

REGULAR GENERAL SERVICE DEMAND

RATE SCHEDULE OSD
 (Continued from Sheet 9.0)

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum 15 minute kW demand established during the current billing period, but not less than 35 kW for customers electing to take service hereunder. Customers whose demand is less than 50 kW for more than six months out of 12 months shall be converted to receive service at the OS Rate and shall continue to receive service on the OS Rate for 12 months and shall establish a demand at 50 kW or more for 6 out of 12 months before converting back to the GSD Rate.

POWER FACTOR ADJUSTMENT - A charge will be made equal to 1% of the demand charge for each 1% of the average power factor is below 90% lagging as determined by a test made by the City or as indicated by a meter installed at the option of the City to measure power factor.

PURCHASED POWER COST ADJUSTMENT - The energy charge shall be increased 0.0106 cents/kWh for each 0.100 cents/kWh or fraction thereof increase above 3.1 cents kWh is the average wholesale cost of purchased power to the City from all sources including any fuel or other special adjustments. The energy adjustment shall be computed each month by the City and rounded to the nearest 0.01 cent/kWh.

TAX ADJUSTMENT - The rate and charges set forth herein shall be subject to proportional increases to compensate for any applicable new taxes or increases in existing taxes which may hereinafter be imposed by any state or federal taxing body.

ISSUED BY: Kenneth A. Cowan EFFECTIVE DATE: Delivery: Jan. 2, 1992

City Manager Billing: Feb. 3, 1992

ISSUED DATE: December 11, 1991

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FOURTH REVISED SHEET NO. 100
CANCELS THIRD REVISED SHEET NO. 100-3

NAME OF UTILITY: CITY OF QUINCY

REGULAR GENERAL SERVICE - LARGE DEMAND

RATE SCHEDULE QSLD
(Continued on Sheet No. 10.1)

AVAILABILITY - This schedule is applicable to electric service throughout the entire territory served by the City of Quincy to those customers having a billing demand of 2000 kW or more who have requested service at primary distribution voltage of 7.2/12.47 kV. Service to be provided at the option of the City.

MONTHLY RATE:

CUSTOMER CHARGE	\$60.45 per meter
DEMAND CHARGE	\$1.70 per kW of Demand
ENERGY CHARGE	\$0.04315 per kWh
Flat Rate Kilowatt-hour charge per kW of Demand	

MINIMUM CHARGE:

\$60.45 plus the currently effective Demand Charge

TERMS AND CONDITIONS OF SERVICE:

Service under this rate shall be for a minimum initial term of twelve months from commencement of service.

Customers taking service under another City rate schedule who elect to transfer to this rate must remain on this rate for a minimum term of twelve months unless disconnected by the City under applicable rules.

Where special equipment to serve the Customer is required, the City may require a specified term of service contract or a nonrefundable contribution in aid of construction.

Service shall be at 7.2/12.47 kV, 3 phase, 4 wire Wye, 60 hertz at the option of the City.

Metering voltage will be at the option of the City. When the City meters at a voltage above distribution secondary a 1.0% reduction factor shall apply to the Base Energy and Demand Charges hereunder.

When a customer takes service under this rate at standard distribution primary voltage and provides its own transformation and related protection equipment the Demand Charge hereunder shall be subject to a credit of \$0.34 per kW of Billing Demand.

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ORIGINAL SHEET NO. 10.1

NAME OF UTILITY: CITY OF QUINCY

REGULAR GENERAL SERVICE - LARGE DEMAND

RATE SCHEDULE OS1D
 (Continued from Sheet No. 10.0)

DETERMINATION OF BILLING DEMAND:

The Billing Demand shall be the maximum 15-minute kW demand established for the current billing period, but not less than 1,000 kW for any billing period.

POWER FACTOR ADJUSTMENT - A charge will be made equal to 1% of the demand charge for each 1% of the average power factor is below 90% lagging as determined by a test made by the City or as indicated by a meter installed at the option of the City to measure power factor.

PURCHASED POWER COST ADJUSTMENT - The energy charge shall be increased 0.0106 cents/kWh for each 0.100 cents/kWh or fraction thereof increase above 3.1 cents/kWh in the average wholesale cost of purchased power to the City from all sources including any fuel or other special adjustments. The energy adjustment shall be computed each month by the City and rounded to the nearest 0.01 cent/kWh.

TAX ADJUSTMENT - The rate and charges set forth herein shall be subject to proportional increases to compensate for any applicable new taxes or increases in existing taxes which may hereinafter be imposed by any state or federal taxing body.

ISSUED BY: Kenneth A. Conner EFFECTIVE DATE: Delivery: Jan. 2, 1992

City Manager Billing: Feb. 3, 1992

ISSUED DATE: December 11, 1991