

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for one year) DOCKET NO. 920012-EI
extension of mobile facilities) ORDER NO. PSC-92-0047-POF-EI
rider - Interruptible Tariff) ISSUED: 3/11/92
by Tampa Electric Company)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
LUIS J. LAUREDO

ORDER APPROVING TARIFF EXTENSION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

The original Mobile Facilities Rider tariff was approved by Order No. 22635, dated March 5, 1990. The concept arose as a stipulated settlement to two territorial disputes involving Tampa Electric Company (TECO), Florida Power Corporation (FPC), IMC, Inc. (Docket No. 890750-EI) and Agrico, Inc (Docket No. 890646-EI). IMC, Inc. and Agrico, Inc. operate phosphate mines in central Florida.

We approved the new rate on the basis that it "appears to be a reasonable means of resolving this [the IMC case] dispute." Upon approval of the tariff, Agrico also dropped their territorial dispute with TECO and FPC. The order further states that "phosphate draglines, with their inherent mobility present us with a unique situation. The MFI tariff applies only to this extremely narrow class of facilities which have the ability to move about and cross over territorial boundaries. We further recognize the inability of utilities to regularly monitor miles of unmarked territorial boundaries for the whereabouts of phosphate draglines. The MFI rider will eliminate the motivation for this unusual type of customer to migrate over territorial boundaries to achieve rate advantages." (Order No. 22635, p.5).

In a petition dated January 6, 1991, TECO has requested extension of the Mobile Facilities Rider through March 1993,

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stating that the conditions which prompted the Commission's original approval have not changed.

The Mobile Facilities Rider (MFI) allows phosphate draglines to receive all necessary power from TECO at no more than they would pay if served by FPC. Under the tariff's terms and conditions, the mobile facilities must be served pursuant to one of TECO's existing interruptible rates schedules, and have the facilities located in TECO's territory. In addition, the entity owning the mobile facilities must take service from TECO for all its fixed facilities located in TECO's territory at the standard applicable rate, and take service from TECO for each of the entity's mobile facilities when the dragline of the mobile facility is located in TECO's territory. The customer is billed at TECO's otherwise applicable interruptible rate, then the customer's bill is computed at the applicable FPC rate. The difference between the TECO bill and the FPC bill is refunded to the customer as a monthly credit.

As a result of the requirement that all fixed facilities and all mobile facilities of the customer located in TECO's territory take service from TECO, TECO gained load that had previously been served by FPC. The additional revenue from this new load offsets in part the credits paid under the tariff. For the period April 1990 through October 1991, TECO had paid out \$2,794,453 in credits, gained \$2,949,268 in additional revenue from facilities previous served by FPC, for a net gain of \$154,815.

Net revenues were positive from April, 1990 through December 1990, then became negative in January 1991 due to the transfer of several large loads from the Supplemental Services (SSI) tariff to the Mobile Facilities Rider. As the price of marginal fuel dropped, customers recognized that the Mobile Facilities tariff would result in lower total bills, even if some of their facilities were billed at a non-discounted rate. As more customers opted for the MFI, the credits paid became larger relative to the revenue from the load acquired from FPC, and the net impact on revenues became negative. Assuming that credits paid under the MFI for November and December are equal to the average of the other ten months, and that the revenues from additional facilities remain approximately equal to 1990 levels, the net impact is a shortfall for the year approaching \$1 million.

We recognize that draglines present an unusual situation, not likely to be useful as a precedent for other special rates. In addition, the difference in rates between TECO and FPC declined when a permanent across-the-board decrease in TECO's KWH charges was ordered beginning January 1, 1990, in conjunction with the

federal tax refund dockets. Therefore, the petition for a one year extension of the mobile facilities rider is approved.

The existing tariff expires on March 31, 1992. Therefore to insure continuity, the extension must be effective immediately upon expiration of the original tariff or April 1, 1992.

TECO's shareholders bear the burden of any lost revenues until the company's next rate case. If, however, steps are not taken to insure that any shortfall is imputed in any rate of return calculations, the burden can be shifted from the shareholders to the general body of ratepayers outside of a rate case. For example, if a general refund is required based on earned rate of return, as in the tax dockets, a lower revenue results in a lower calculated rate of return. A lower return would reduce the amount refunded, thus penalizing the general body ratepayers.

Order No. 22635 required TECO to submit a report detailing the amount of credits paid, the additional revenues received from facilities not previously served, and the net impact on revenues. The company provided this information in conjunction with their monthly surveillance reports. These reports allow the Commission to verify the magnitude of the shortfall for future revenue and ratemaking decisions. TECO shall continue to provide these reports in the same format.

In addition, the company shall document any change in usage attributable to the discounted rate. Any increase in usage due to such improper price signals should not be used to support the need for additional generating capacity. Approval of this extension is not a change in the Commission's policy of non-discriminatory cost-based rates, but a response to a highly specialized situation.

Based on the foregoing, it is

ORDERED that the Petition of Tampa Electric Company to extend its Mobile Facilities Rider through March 31, 1993 is GRANTED. It is further

ORDERED that the extension shall be effective April 1, 1992. It is further

ORDERED that Tampa Electric Company shall continue to provide the level of revenue shortfall resulting from this rate compared to otherwise applicable rates, in conjunction with their monthly surveillance reports. It is further

ORDER NO. PSC-92-0047-FOF-EI
DOCKET NO. 920012-EI
PAGE 4

ORDERED that this docket shall be CLOSED if no protest is filed within the time limit stated in the Notice of Further Proceedings and Judicial Review. It is further

By ORDER of the Florida Public Service Commission, this 11th
day of March, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

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 4/1/92

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.

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.