BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power Corporation for approval of Economic Development Rider (Rate Schedule GSED-1) and standard form Customer Agreement.	DOCKET NO. 980766-EI ORDER NO. PSC-98-1222-FOF-EI ISSUED: September 16, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING TARIFF

BY THE COMMISSION:

I. Case Background

On June 18, 1998, Florida Power Corporation (FPC) petitioned for approval of an Economic Development Rider (Rider) and standard form Customer Agreement. The proposed Rider allows FPC to negotiate a discount on the capacity clause, the base energy and/or base demand charges with commercial customers who either expand their existing load by 500 kW or for new customers with a minimum load of 500 kW who also meet the economic development criteria outlined in the Qualified Target Industry Tax (QTI) program adopted by the State. The Commission has already approved economic development tariffs for the three other major investor-owned electric utilities that are described below.

We approved Gulf Power Company's (Gulf) proposed Commercial/Industrial Service Rider (CISR) by Order PSC-96-1219-FOF-EI, issued September 24, 1996, in Docket No. 960789-EI. This Rider allows Gulf to enter into negotiated contracts with certain customers. The total load under CISR contracts is limited to 200 MW or 12 CISR contracts and a minimum new or retained load is

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required to qualify for the Rider. Negotiated rates may not be less than incremental costs and all revenues were to be credited first to the cost recovery clauses at the otherwise applicable rates.

On February 26, 1998, Florida Power & Light Company (FPL) petitioned the Commission for approval of its Economic Development Rider Rate Schedule (EDR). The EDR offers commercial/industrial customers a fixed discount on the base energy and base demand charge. New customers or existing customers that expand their operation qualify for service under the Rider. Load applicable under the Rider must be at least 5,000 kW. In addition, the customer applying for the Rider must attest that he will create at least 375 full-time positions. FPL sought approval to recover the revenue shortfall associated with the rate discounts as an economic development expense, under section 288.035, Florida Statutes, and Rule 25-6.0426, Florida Administrative Code. We approved the tariff by Order No. PSC-98-0603-FOF-EI, issued April 28, 1998, in Docket No. 980294-EI.

On June 2, 1998, Tampa Electric Company (TECO) petitioned for Approval of a Commercial/Industrial Service Rider (CISR) and Pilot Study Implementation Plan. The proposed Rider allows TECO to negotiate a discount on the base energy and/or base demand charges with commercial/industrial customers who can show that they have viable alternatives to taking electric service from TECO (at-risk load). We approved the tariff by Order No. PSC-98-1081-FOF-EI, issued August 10, 1998, in Docket No. 980706-EI.

II. Description of FPC's Proposed Tariff

FPC's General Service Economic Development Rider, Rate Schedule GSED-1 (ED Rider) is patterned after the Qualified Target Industry Tax Refund Program (the QTI Program), a statewide economic development initiative offered through Enterprise Florida and administered by the Office of Tourism, Trade and Economic Development. The eligibility criteria associated with the ED-Rider are patterned after the criteria within the QTI Program. Like the QTI Program the applicability of the ED Rider is limited to new or expanding businesses that represent a "targeted industry" as specified in Section 288.106 (2) (p), Florida Statutes, relating to economic development initiatives. Further eligibility requirements that are patterned after the QTI Program relate to job creation and wage levels.

The proposed tariff is available to new customers (new load) or to existing customers who add additional load. Specifically, non-residential customers currently taking firm service or qualified to take firm service under rate schedule GSD qualify. New customers must have at least 500 kW of connected demand. For existing customers, an additional load of at least 500 kW must be added and the discount will only apply to the additional load. In addition, ED Rider eligibility will require that at least 10 new jobs be created and that they pay at least 115% of state, county or Standard Metropolitan's Statistical Area wage. Exceptions can be made for economically distressed rural areas or enterprise zone special projects.

As filed, the negotiated discount would apply to base energy and/or base demand charges as well the Capacity Cost Recovery Clause (Capacity Clause). No reductions shall apply to the customer charge, the fuel charge, or the Energy Conservation Cost Recovery Charge. The total rate reduction shall not exceed 20% of the total bill or exceed five years in duration. Further, the reduction of the Capacity Clause charge shall not exceed 50% of the total rate reduction. FPC has stipulated that customers who qualify for ED Rider will pay at least 20% of the capacity clause which will ensure that customers contribute to the various QF contract buyouts approved by this Commission to reduce long term purchased power costs. FPC intends to apply the ED Rider on a non-discriminatory basis. The ED Rider does not have a customer or MW limitation.

Although FPC describes its tariff as an Economic Development Rider, it does not seek recovery pursuant to Section 288.035, Florida Statutes, and Rule 25-6.0426, Florida Administrative Code. As filed, FPC does not intend to report the revenue differential separately in its Earnings Surveillance Reports.

III. Discussion and Decision

FPC's proposed treatment of negotiated discounts of the amounts otherwise applicable through the Capacity Cost Recovery Clause represents a departure from previously approved CISR's/Economic Development Tariffs. The previously approved CISR's/Economic Development Tariffs require that a customer taking service under the Rider/Tariff pay all charges otherwise applicable under the cost recovery clauses. This helps assure that a utility's other customers do not pay higher rates as a result of the discounts provided to eligible customers.

FPC has modified its request and now agrees that a customer taking service under the tariff will pay the full amounts otherwise applicable under the cost recovery clauses, including the Capacity Cost Recovery Clause. FPC has also agreed that the revenue differential (the net difference between the negotiated rates and the otherwise applicable rates) will be shown as a separate line item on FPC's Earnings Surveillance Reports. With these changes, FPC's proposed tariff is similar in all material respects to those previously approved for other investor-owned electric utilities. For these reasons, we find that FPC's proposed Economic Development Rider and Standard Form Customer Agreement, as modified, should be approved, effective August 18, 1998.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that FPC's proposed Economic Development Rider and standard form Customer Agreement, as modified, is approved, effective August 18, 1998. It is further

Ordered that this docket shall be closed if no person whose substantial interests are affected by the proposed action files a protest within the 21-day protest period.

By ORDER of the Florida Public Service Commission this 16th day of September, 1998.

Kay Flynn

KAY FLYNN, Chief
Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 7, 1998.

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 wastewater 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.