

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval to replace optional average billing plan with an optional budget billing program for residential customers by Florida Public Utilities Company.

DOCKET NO. 060107-EI
ORDER NO. PSC-06-0259-TRF-EI
ISSUED: March 28, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER APPROVING REVISIONS TO OPTIONAL BUDGET BILLING PROGRAM
FOR RESIDENTIAL CUSTOMERS

BY THE COMMISSION:

On January 23, 2006, Florida Public Utilities Company (FPUC) filed a petition for approval to replace its optional average billing plan with an optional budget billing program for residential customers. We have jurisdiction under Sections 366.06(1) and 366.075, Florida Statutes.

Optional Budget Billing Program

FPUC has proposed to replace its optional average billing plan with an optional budget billing program for residential customers. Both FPUC's current and proposed budget billing programs for residential customers are similar. FPUC's proposal includes revisions to the terms and conditions of its budget billing program.

Budget billing is a program that seeks to reduce the variations in monthly bills that result from seasonal fluctuations in the usage of electricity. To qualify for the program, residential customers must have had service at the same premises for at least 12 months, and no delinquent balances. Customers are billed based upon an average of their last 12 months' kilowatt-hour (kWh) usage, rather than for actual monthly usage. The amount billed using the average method is subtracted from the amount which would have been billed based on actual usage. This difference is credited to a deferred balance account which maintains a running total of over- and under-collection. A certain percentage of this deferred balance is added to the monthly billed amount.

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FPUC has proposed two revisions to its budget billing program. As with FPUC's current budget billing program, the monthly bill will be based upon an average of the last 12 months' kWh usage. FPUC is now proposing to also include an adjustment, if necessary, in the calculation of the budget bill to account for any projected increases or decreases in rates. FPUC cites as an example the projected substantial increase in its fuel and purchased power costs in January 2008, when FPUC's new purchased power contracts will go into effect. We agree with FPUC that it is appropriate to include in the calculation of the budget bill projected increases (or decreases) in rates, especially fuel rates, which could otherwise result in a large deferred balance.

Once a customer chooses to take service under the budget billing program, FPUC calculates an initial monthly bill based on the methodology described above. In addition, FPUC has proposed to recalculate the customer's monthly budget bill every three months. As with the initial budget bill, the recalculated budget bill will be based upon an average of the previous 12 months' kWh usage. If the recalculated budget bill varies from the budget bill by more than 10 percent, FPUC will begin charging the recalculated amount on the customer's next bill. This proposal is designed to avoid a large deferred balance. If the recalculated budget bill does not vary by more than 10 percent, the customer will pay the same monthly bill until the anniversary date of initial participation. Any deferred balance owed by or to the customer will be included in the recalculation of the customer's budget bill once a year.

A customer may terminate participation in the budget billing program at any time. However, once a customer's participation in the program has terminated, the customer may not rejoin the program for 6 months following the date of the termination. Any deferred balance owed by the customer must be paid in full at the next bill. Any deferred balance owed to the customer will be returned as a credit on the next bill. If the customer leaves FPUC's service territory, the customer must settle the account in full.

Based on the above, we find that FPUC's revisions to its optional budget billing program are reasonable and hereby approve the revised program. Participation in the program is optional and provides residential customers another option in managing their bills.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's request for revisions to its optional budget billing program for its residential customers is hereby approved as set forth in the body of this Order. It is further

ORDERED that this tariff is hereby approved effective March 7, 2006. It is further

ORDERED that if a timely protest is filed within 21 days of the issuance of the Consummating Order, the tariff shall remain in effect pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 28th day of March, 2006.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(SEAL)

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NOTICE OF FURTHER PROCEEDINGS

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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 18, 2006.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.