

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to revise Agreement for Residential Advanced Energy Management Program tariff by Gulf Power Company. | DOCKET NO. 041368-EI
ORDER NO. PSC-05-0107-TRF-EI
ISSUED: January 26, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

ORDER APPROVING TARIFF REVISIONS

BY THE COMMISSION:

On November 19, 2004, Gulf Power Company (Gulf) submitted a proposed tariff revision to its Residential Service Variable Pricing (RSVP) rate schedule and associated agreement. The proposed revision would eliminate the requirement that customers remain on the RSVP rate for a minimum of one year. We approved Gulf's RSVP rate schedule in Docket No. 971462-EG, Order No. PSC-98-1367-FOF-EG, In re: Petition by Gulf Power Company for approval of Rate Schedule Residential Service Variable Pricing (RSVP) and associated customer agreement, issued October 12, 1998. We have jurisdiction pursuant to Sections 366.04 and 366.05, Florida Statutes.

The RSVP rate is an optional rate that allows residential customers to respond to price signals pursuant to Gulf's Advanced Energy Management (AEM) Program, a demand-side management program. To take service under the RSVP rate, a customer must sign the RSVP customer agreement and allow Gulf to install energy management equipment at the customer's residence. The installed equipment allows the customer to monitor four pricing periods, P1 through P4, and adjust energy usage to avoid the higher cost pricing periods. The cents per kilowatt hour (kwh) energy charge is the lowest during the P1 period and the highest during the P4 period. The RSVP tariff establishes the P1, P2, and P3 pricing periods. The P4 pricing period is determined by Gulf, and customers are notified by electronic signal prior to the start of the P4 pricing period to give customers the opportunity to reduce their energy usage. The P4 pricing period occurs only when the demand on Gulf's system is very high. In addition to the variable energy charges, customers pay a fixed monthly customer charge and a program participation charge.

The current RSVP rate schedule and associated agreement include a provision that the initial term of service under the rate shall be one year. To discontinue service under the RSVP rate, customers must provide a thirty day written notice. Gulf has proposed to eliminate the

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requirement that customers remain for a minimum of one year on the RSVP rate. Customers will still be required to provide Gulf with a thirty day written notice if they wish to return to the standard residential (RS) rate. Gulf has received feedback from its customers that the requirement to remain on the RSVP rate for a minimum of one year can be a deterrent to customers who are interested in the program. Gulf believes that since the program entails a new concept for purchasing electricity, some customers are unsure whether or not they want to make a one-year commitment. Gulf explains, however, that most of the customers that sign the RSVP agreement are satisfied, and remain on the program.

Gulf installs the energy management equipment at the customer's residence at no charge when the customer first requests RSVP service. If the same customer requests service at the same residence under the RSVP rate after returning to the RS rate, they will be charged \$179 for re-installation costs. The tariff also includes a \$109 charge for removal of the equipment if a customer elects to return to the RS rate after participating in the program for a second time. These charges are intended to cover additional installation and removal costs.

We find it appropriate to allow customers to take service under the RSVP rate for less than one year. Removal of the initial one-year participation requirement should result in a greater number of customers choosing to participate in the program. A higher participation rate should result in greater peak demand reduction, and thus increase the conservation benefits associated with the program. We therefore approve Gulf's proposed RSVP rate schedule and the associated agreement revisions. The revised tariff will be effective as of January 18, 2005.

It is therefore,

ORDERED by the Florida Public Service Commission that Gulf Power Company's Petition to revise its Agreement for Residential Advanced Energy Management Program tariff is approved. It is further

ORDERED that this Order shall become final upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is 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 the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

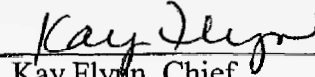
ORDERED that this tariff revision shall be effective as of January 18, 2005. If a protest to the tariff revisions is filed, the revised tariff shall remain in effect with any revenues held subject to refund, pending resolution of the protest. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed upon issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 26th day of January, 2005.

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

By:



Kay Flynn, Chief
Bureau of Records

(S E A L)

MCB

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 February 16, 2005.

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.