

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval for new prepaid metering rates and changes to net metering rates and miscellaneous charges by Choctawhatchee Electric Cooperative, Inc.	DOCKET NO. 100079-EC ORDER NO. PSC-10-0357-TRF-EC ISSUED: June 4, 2010
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The following Commissioners participated in the disposition of this matter:

NANCY ARGENZIANO, Chairman
LISA POLAK EDGAR
NATHAN A. SKOP
DAVID E. KLEMENT
BEN A. "STEVE" STEVENS III

ORDER APPROVING NEW PREPAID METERING RATES AND CHANGES TO NET METERING RATES AND MISCELLANEOUS CHARGES

BY THE COMMISSION:

BACKGROUND

On January 7, 2010, Choctawhatchee Electric Cooperative, Inc. (CHELCO) filed a request with supporting documentation to add a new prepaid residential rate and to change its net metering rates and miscellaneous charges. CHELCO is a member-owned, not-for-profit cooperative that acquires and distributes electricity to its members/owners. The proposed rates went into effect on March 7, 2010. A residential prepaid rate has not previously been approved for any Florida electric utility.

We have rate structure jurisdiction over cooperatives pursuant to Section 366.04(2)(b), Florida Statutes (F.S.). Rule 25-9.051(7), Florida Administrative Code (F.A.C.), defines rate structure as the rate relationship between various customer classes, as well as the rate relationship between members of a customer class. Cooperatives are required to file tariffs with us in accordance with Rule 25-9.053(1), F.A.C. We have delegated the authority to our staff to administratively approve tariff filings by cooperatives as long as: (1) there is no change in the rate structure previously approved for that utility; (2) the change results in the rate relationships moving closer to those approved for the investor-owned electric utilities; or (3) the proposal does not contain new pricing concepts.¹ Because CHELCO's filing involves a new pricing concept, our approval is required. Our decision below addresses the net metering rates, the prepaid account notification rate, and miscellaneous charges for residential and general service customers. We have jurisdiction pursuant to Section 366.04(2)(b), F.S.

¹ See Administrative Procedures Manual Section 2.07.C.5.a(10).

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

DISCUSSION

Residential Prepaid Metering Rate

The new optional residential prepaid metering rate would be available to residential customers throughout the area served by CHELCO where T-2 metering is installed. Installation of the T-2 meters is almost half completed. Service is available to residential customers upon the customer's request. CHELCO has proposed the new rate to accommodate residential customers who prefer to pay in advance for electricity.

The company stated that the proposed prepaid rate would likely generate interest from two types of participants. The largest group of participants would be those customers who have traditionally had difficulty budgeting for their monthly power bill. The new prepaid rate would offer them a lower deposit and no additional fees. Another type of participant CHELCO believes would be interested in its prepay option is customers who are energy conscious and would like to better track and manage their account. The up-to-date billing information and usage calculators provided by the software package will provide easy access to the customers' energy consumption data.

For customers choosing this rate option an inside monitoring device and a special meter will be installed at no extra charge. In addition to the cost of the monitoring device, CHELCO expects to spend approximately \$270 more than it spends on a typical residential meter. The additional cost of T-2 metering results from the capability for remote disconnection. CHELCO is choosing not to charge customers for these facilities at this time. It does not think customers will use them more than 3 or 4 months, and the meters and monitoring devices can therefore be reused. If it appears that customers choose to stay on the rate for longer periods, CHELCO may propose a lease charge in the future. The meters will be monitored by a third party who will be responsible for matching payments with usage.

Because of the prepayment, CHELCO proposed a cash deposit of \$25 per connected meter. This is a lower deposit fee than the typical residential deposit fee of twice the estimated average monthly bill but not less than \$75. There will be no reconnect fees. CHELCO calculated the daily cost using the average monthly usage for the residential class. Multiplying the typical monthly bill by 12, and then dividing by 365 days, yields a daily charge that allows customers to pay for service on a daily basis. In addition to the charges for electricity, CHELCO will include a charge to cover the cost of the third party monitoring.

Given that this is an optional rate class and the charges have been set at cost, we find that the proposed residential prepaid rate is fair and reasonable.

The following chart sets forth CHELCO's proposed rates:

<u>Standard Residential Rate</u>					
Customer Charge (monthly fixed charge)		Average Usage		Single	Three
Single Phase	\$24.00			\$24.00	
Three Phase	\$34.60				\$34.60
Energy Charge (based on KWH used)					
Distribution	1.699	1130 hrs		\$19.20	\$19.20
Purchase power	5.347				
WPA (based on KWH used)	varies				
Distribution cost recovery allowed in the current residential rate				\$43.20	\$53.80
DAILY COST (times 12 divided by 365)				\$1.42	\$1.77
<u>New Residential Prepaid Rate</u>					
Customer Charge (DAILY COST)			Single	Three	
Single Phase	\$1.42		\$1.42		
Three Phase	\$1.77			\$1.77	
Administrative Fee					
Acct Mgmt Cost*	\$0.20				
Spec Equip**	\$0.15				
	\$0.35		\$0.35	\$0.35	
Total Daily Fixed Charge for Residential Prepaid			\$1.77	\$2.12	
*Excleron charges CHELCO \$6.00 per account per month to manage the daily calculation on the accounts. \$6.00 x 12 months divided by 365 days is \$0.20 a day.					
**CHELCO will spend \$270.70 for equipment (above the normal cost of a meter that is placed in service) that has remote cut off capabilities. The carrying cost of this additional expense was calculated by the company to be \$0.15 per day					

Payment for this service will be made in advance, and customers may pay by all usual methods currently available through the company, including third party credit card and Electronic Funds Transfer. When a customer's account balance is depleted through usage, the electric service will be subject to immediate disconnection. At the customer's request, for a small monthly fee the utility will notify the customer when his account is in danger of depletion. The prepaid account notification charge is discussed below. Customers are not required to sign up for the notification in order to utilize the pre-payment service.

Prepaid Account Notification

CHELCO proposed the addition of a new optional service entitled Prepaid Account Notification. The service is being offered to residential prepaid customers to give them the option to monitor their electric service and bills. There are two parts to this service: (1) how the customer chooses to be contacted; and (2) what alert type the customer chooses to participate in. The options for the contact method include: IVR to home, work, or cell phone number; email (a

non-expense form of notification); and cell phone by text message. The options for types of alerts are: daily usage; low balance warning; prior to disconnect; disconnect confirmation; reconnect confirmation; and after credits have been posted.

The company uses a third party company to handle the notifications, and the costs would be passed along to the requesting customers through this charge. The proposed charges are \$0.04 for text message notifications and \$0.05 for phone call notifications. The company has stated that this cost directly reflects the cost from CHELCO's vendor. A customer may also request a free notification through e-mail.

Given that this service is optional and set at cost, we find that the proposed charges are fair and reasonable.

Net Metering Charge

Net metering charges apply to customers who receive single-phase service or three-phase service and who have installed electric generation. CHELCO proposed the change in net metering to expand the ability of customers who choose to generate electricity to offset part or all of their current electricity requirements. CHELCO proposed to expand generation capacity from 10 kilowatt (kW) to 50kW.

A customer may accrue a credit by generating electricity that is then delivered to CHELCO. The customer's bills are then calculated by subtracting the credit from CHELCO's charges to the customer. By expanding generation capacity, customers are allowed to acquire a larger credit, thereby lowering their bills.

This change to net metering would allow customers the opportunity to offset more cost through generation; therefore, we find that the proposed change to the net metering charge is fair and reasonable.

Miscellaneous Charges – Service Charge/Trip Fee and Read/Connect Meter New Account

The service charge/trip fee is collected to cover the cost associated when a field visit is made. CHELCO's current rate for a service charge/trip fee is \$50.00 and the proposed rate is \$75.00. The read/connect meter new account charge is collected to cover the cost the company incurs to establish a new account at a location already established on CHELCO's infrastructure. The company offers two options for this service. One charge is for \$27.00 and it is for connection during working hours. The other charge is for guaranteed same day connection. The customer would have a choice as to which option suits them. The current charge for read/connect meter new account for guaranteed same day connection is \$50.00, and the proposed rate is \$75.00. In the petition, the company stated that the changes in these charges were to more accurately reflect the company's cost for providing the services. After reviewing the charges against comparable cooperative utilities, we find that the proposed changes in the service charge/trip fee, as well as the read/connect meter new account, are fair and reasonable.

The approved charges are shown in the table below.

<u>Rate Schedule</u>	<u>Present Rate</u>	<u>Approved Rate</u>
Miscellaneous		
Service Charge/Trip Fee	\$50.00	\$75.00
Read/connect meter new account (guaranteed same day connect for existing service)	\$50.00	\$75.00
Prepaid Account Notification - Text Message	New charge	\$0.04
Prepaid Account Notification - Phone Call	New charge	\$0.05

CONCLUSION

We find that the proposed residential prepaid rate, net metering charge, and the proposed changes in the service charge/trip fee as well as the read/connect meter new account are fair and reasonable, and we therefore approve the tariffs. The tariffs shall be effective as of May 18, 2010.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Choctawhatchee Electric Cooperative, Inc. (CHELCO) request to add a new prepaid residential rate and to change its net metering rates and miscellaneous charges is approved. It is further

ORDERED that the tariffs shall become effective on May 18, 2010. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariffs shall remain in effect with any charges held subject to refund 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 4th day of June, 2010.



ANN COLE
Commission Clerk

(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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 25, 2010.

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.