

120000-07

# EXHIBIT B

## REDACTED COPIES

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DOCUMENT NUMBER-DATE

06670 OCT-3 2007

FPSC-COMMISSION CLERK

extend a customer due date for up to [REDACTED] days. Exhibit 8 contains the number of payment arrangements requested for the years 2007 to 2011. The number of payment arrangements established has steadily increased to a high of 1,422,375 in 2011. The number of payment arrangements denied peaked in 2009 at 1,006,236, and has since declined. FPL has relaxed its criteria for granting payment extension requests, including payment extensions related to deposits, providing a better opportunity for customers to continue service with the utility.

FLORIDA POWER & LIGHT COMPANY PAYMENT ARRANGEMENTS REQUESTED 2007 - 2011					
	2007	2008	2009	2010	2011
Established <sup>9</sup>	897,809	1,035,277	1,260,573	1,271,002	1,422,375
Denied	844,658	881,473	1,006,236	907,905	876,604
Total Requested	1,742,467	1,916,750	2,266,809	2,178,907	2,298,979

EXHIBIT 8

Source: FPL Response Document Request 1.20, 1.21 and 3.1

The number of payment arrangements completed or defaulted for the years 2007 to 2011 is shown in Exhibit 9. The highest number of payment arrangements completed was in 2011 at 941,845. The number of payment arrangements that defaulted was highest in 2007 at 347,452; however, an increase in defaults occurred in 2011, as well.

FLORIDA POWER & LIGHT COMPANY PAYMENT ARRANGEMENT DISPOSITION 2007 - 2011					
	2007	2008	2009	2010	2011
Completed	550,357	746,111	837,927	854,578	941,845
Defaulted	347,452	268,866	295,007	278,326	325,802
Total Disposition	897,809	1,014,977	1,132,934	1,132,904	1,267,647

EXHIBIT 9

Source: FPL Response Document Request 1.20 and 1.21

### 2.2.2 BENCHMARKING STUDIES

Staff found that FPL participated in a 2011 PA Consulting Group benchmarking study that provided an assessment of utility business operations, including an analysis of credit and collections strategy and development for a group of utilities. FPL states that this study showed that FPL granted more payment extensions per customer than nearly all other utilities in the study. The study also showed that FPL ranked among the lowest in broken or modified arrangements.

Additionally, FPL participated in an annual utility benchmarking program conducted by Edison Electric Institute (EEI) DataSource. Data collected from this program includes payment arrangement inquiry data for 2008-2010 related to:

<sup>9</sup> Jan 2007 – Oct 2008 payment extensions granted or established contains only CCR (Customer Care), IVR (Interactive Voice Response) and Web contacts. Nov 2008 – Dec 2011 payment extensions granted or established contains contacts made through the following channels: CCR (Customer Care), IVR / VRU (Interactive Voice Response), Web, Revenue Recovery, Revenue Protection, Customer Advocacy, PSC, SCS, Assist, Customer Billing, Field Operations and Other.

<sup>10</sup> 2007 Payment Arrangement Disposition based on the 2007 number of payment arrangements granted using the Customer Compliance % Care Center Overall from December 2007 Payment Extension Monthly Summary Report to calculate the completed/defaulted amounts.

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- ◆ Number of deferred payment arrangements made
- ◆ Default rate (percentage) of the deferred payment arrangements
- ◆ Number of delinquent dollars that were in deferred payment arrangements on average

Audit staff was not allowed to review any information from this study due to its proprietary nature and EEI's non-disclosure requirements.

**2.2.3 DISCONNECTS OF CUSTOMER SERVICE DUE TO NON-PAYMENT**

Disconnections of electrical service due to non-payment are another indication that customers are having difficulty paying their utility bills. FPL disconnects service only after collection efforts have been exhausted. Collection efforts include a notice to disconnect and field collection, and may include a telephone call. FPL states that its progressive collection actions are limited to those accounts with the highest risk of loss.

During any given month for FPL, at least twenty percent of customers pay past the due date. The total numbers of accounts disconnected for non-payment by the utility during 2007 through 2011 are shown in Exhibit 10. Accounts may be disconnected multiple times for non-payment. Service disconnections peaked in 2009 at [REDACTED]. Disconnections declined in 2010 to [REDACTED] and trended slightly upward in 2011 to [REDACTED]. The percentage of accounts disconnected peaked in 2009 at [REDACTED] percent. Overall, this equates to less than one percent of accounts disconnected on a monthly basis.

FLORIDA POWER & LIGHT COMPANY TOTAL CUSTOMERS DISCONNECTED 2007 - 2011			
Year	Number of Customers Disconnected <sup>11</sup>	Percent of Total Customers Disconnected	Average Number of Total Customers
2007	[REDACTED]	[REDACTED]	4,496,593
2008	[REDACTED]	[REDACTED]	4,509,739
2009	[REDACTED]	[REDACTED]	4,499,079
2010	[REDACTED]	[REDACTED]	4,520,327
2011	[REDACTED]	[REDACTED]	4,546,125

**EXHIBIT 10** Source: FPL Response Document Requests 3.1 and 3.6

**2.2.4 GROSS WRITE-OFFS**

Write-offs are revenues that the company has lost due to customer inability or refusal to pay their bill. FPL will send a final bill to a customer in two instances: (1) if the customer requests that his/her service be terminated or (2) if the customer is disconnected for non-payment and does not satisfy the debt within 10 days. Deposits and deposit interest, if applicable, are applied to the outstanding balance and a final bill or a refund check is remitted to the customer. If after approximately 90 days, the customer does not make payment on the final bill, the customer's balance is systematically written-off. FPL states that it reviews reports of balances written-off on a monthly basis.

The total gross write-offs by FPL for 2007 through 2011 are shown in Exhibit 11.

<sup>11</sup> Number of Accounts Disconnected includes accounts disconnected more than once. For example, an account disconnected twice would reflect as two disconnects in the exhibit.

1 options/arrangements?

2 In addition to two FPL care centers, GCS Services act as virtual customer service under a 6-year contract.

3 Final Bill for residential has automated OTC.

4 Revenue Protection handles backbilling, meter tampering or by-pass.

5 SCS – Special Consumer Services. Four personnel that work with assist agencies.

6 DRI.11

7 17. What can you tell us about the other utilities in the PA Consulting Group study? Were any of these utilities  
 8 in Florida or the Southeast?

9 None in Florida. Across all CSR.

10 18. Can you tell us whether any of the utilities in the Superduper Confidential EEI DataSource study include  
 11 other Florida or other Southeast utilities?

12 Yes, in Florida.

13 DRI.12

14 (no questions regarding the data)

15 DRI.13

16 19. Were there any audits performed by outside companies, regarding collection of past due amounts from  
 17 customers and/or payment arrangements?

18 No.


19 DRI.14

20 (no questions regarding the data)

21 DRI.15

22 20. Can you describe:  
 23 • the PEXT Guidelines and Graphs on October 2011 Revenue Recovery document?  
 24 • The Field Collections Summary  
 25 • OTC Indicator Summary

26 Leave notice; CGI -- cannot get in.

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NCO – outsourced contractor does dialing; outbound calls for collection.  
 MES – Medical Essential Services.  
 Amnesty

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Field Collections Summary (DRI.21):

OTC Indicator Summary (DRI.21): The summaries measure the effectiveness of outbound collections calls.

Supplemental DRI.15: Please provide the November and December 2011 data.

DRI.16: (KC) Can you describe the Denial Codes in the spreadsheets?  
Carlos said employee enters code in CIS II database. Some customers are granted PAs but then do not comply. Denial codes are listed in the response: [redacted] -this is another risk factor that would render a customer ineligible for a payment arrangement.

(KC) It appears that each attempt by a customer that is denied is counted (i.e., multiple denials). Is that correct?

(KC) The (blank) denial reason is "Customer hung up or declined recommendation." This means that the customer declined the recommendation by the FPL employee, correct?

DRI.17 (KC) On the "PEXT granted" spreadsheets, account numbers indicate that accounts have been granted additional (more than one) payment arrangement. Is that correct?

DRI.18 and DRI.19 (KC) Are the Gross Write-offs data in accounts or dollars?

(either JH or Carlos) Net Amnesty - this is for the medical essential services

(either JH or Carlos) Write-offs - manage receivables to manage write-offs.

DRI.20 (KC) Is the "PEXT granted" data on this spreadsheet the number of customers that were granted a PEXT?

(either JH or Carlos) ratio constant from yr to yr. ~56%

DRI.21 (KC) How does the company use the reports in response to manage payment arrangements?

(KC) Are PEXT seen as a tool to help collections or as a necessary evil?

(KC) Does the company seek to minimize PEXTs?

For those in late-payment status, FPL's philosophy is to try to keep those customers in service--minimize disconnects because it costs money to print and send the final notice and to have field collections personnel disconnect service at the premises. Late fee of 1.5% is assessed.

(VC) Are there instances when FPL waives this fee? (FPL panel, not sure who) The system is set up to bill the late charge. The company may waive the late-payment fee under certain conditions, e.g., 1 waiver in 12 months of good bill paying. Also, if a customer had an extenuating circumstance, such as a water heater leak causing a high bill, FPL may waive the late-payment fee.