

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of proposed revision to Tariff Sheet Nos. 6.050 and 6.052 to expand application of current residential budget billing program to customers served under GS-1 rate on experimental basis, by Florida Power & Light Company.

DOCKET NO. 030315-EI
ORDER NO. PSC-03-0676-TRF-EI
ISSUED: June 4, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING FLORIDA POWER & LIGHT COMPANY'S EXPERIMENTAL PROGRAM EXPANDING OPTIONAL BUDGET BILLING TO GENERAL SERVICE - NON DEMAND (GS-1) CUSTOMERS

BY THE COMMISSION:

On April 4, 2003, Florida Power and Light Company (FPL) filed a Petition For Approval of an Experimental Program Expanding Optional Budget Billing to General Service - Non Demand (GS-1) Customers. The Commission has jurisdiction under Sections 366.06(1) and 366.075, Florida Statutes.

Currently, budget billing is available only to FPL's residential customers. FPL has proposed an experimental pilot program to also make budget billing available to its GS-1 customers. The GS-1 rate is applicable to small commercial customers whose maximum monthly demands do not exceed 20 kilowatts.

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Existing Budget Billing Program

FPL's existing budget billing program resulted from Order No. 10047, issued June 5, 1981, in Docket No. 800110-EU, which directed all Florida investor-owned utilities to initiate budget billing programs for residential customers. Order No. 10759, issued April 29, 1982, in Docket No. 800110-EU, established the guidelines to be followed in developing the budget billing programs. Pursuant to Order No. 10759, FPL's program has been in effect since July 6, 1982, and was modified in 1993. See Order No. PSC-93-0452-FOF-EI, issued March 24, 1993, in Docket No. 930203-EI.

Budget billing is a program that seeks to reduce the variations in monthly bills that result from seasonal fluctuations in the usage of electricity. This leveling of the bill allows customers to more easily budget their electricity expenses. Under FPL's residential budget billing program, the customer is billed based upon an average of the current month's kWh usage and the previous eleven months' usage, rather than being billed for actual monthly usage. If this information is not available, the average is based on the monthly usage available for the current tenant and the former tenant within the previous year.

The amount billed using the average method is then subtracted from the amount which would have been billed based on actual usage. The difference is credited to a deferred balance account which maintains a running total of over- and under-collection. One twelfth of this deferred balance is added to the billed amount. Budget billing is available to any residential customer who does not have a delinquent balance. FPL stated that 6.5% of its residential customers currently participate in the budget billing program.

Proposed GS-1 Budget Billing Pilot Program

FPL seeks to expand the budget billing option to include its GS-1 customers under an experimental pilot program. The program would be available to 10,000 GS-1 Rate customers on a first-come first-served basis, beginning on June 1, 2003 and running through December 31, 2004. FPL stated that it has a total of 357,806 GS-1 customers as of March 2003, which means the pilot program would be available to about 2.7% of its total GS-1 customers.

FPL decided to implement the pilot program in response to the wishes of its customers to have more options in managing their electric bills. FPL proposed to offer GS-1 Budget Billing as an experimental pilot program (in lieu of a permanent program available to all GS-1 customers) due to bad debt concerns. Because budget billing can result in the accrual of deferred billing balances, FPL is concerned that expanding its availability may result in increased bad debt expenses. Offering the program on a limited pilot basis will allow FPL to gauge its impact on bad debt without significant financial exposure.

In addition, FPL proposed one new eligibility requirement that differs from the requirements of the residential program. While residential customers are eligible at any time, GS-1 customers are only eligible if they have had service at their location for at least 12 months. This is due to the greater variability of usage patterns among GS customers as compared to residential customers.

Conclusion

Based upon our review of the petition, we approve the experimental pilot optional budget billing program. Participation in the program is voluntary, and will provide some of FPL's small business customers with the benefits of budget billing that are currently enjoyed by its residential customers. FPL shall provide a report to the Commission staff on the results of the Pilot Program, including the participation rate of the program and the effect on bad debt, no later than the fourth quarter of 2004.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power and Light Company's Petition For Approval of an Experimental Program Expanding Optional Budget Billing to General Service - Non Demand (GS-1) Customers is hereby approved. It is further

ORDERED that Florida Power & Light shall provide a report to the Commission staff on the results of the Pilot Program, including the participation rate of the program and the effect on bad debt, no later than the fourth quarter of 2004. It is further

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ORDERED that the effective date of Florida Power & Light Company's revised Tariff Sheet No. 6.050 and original Tariff Sheet No. 6.052 is May 20, 2003. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff 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, 2003.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

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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 June 25, 2003.

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.