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Florida Power & Light Company, 11770 U.S. Highway 1, North Palm Beach, FL 33408 3003
Law Department

(407) 625-7241

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February 28, 1996

Ms Blanco S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: DOCKET NOS. ~~951485-EU~~ and 960020-EU

Dear Ms. Bayó:

Please find enclosed Florida Power & Light Company's comments regarding the above docket

If you have any questions regarding this filing, please call me at (407) 625-7241.

Sincerely,

Edward F. Tancer
Attorney

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Enclosures

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**COMMENTS OF FLORIDA POWER & LIGHT
DOCKET NOS. 951485-EU AND 960020-EU
PETITIONS TO INITIATE RULEMAKING TO AMEND RULE 25-6.049 F.A.C.**

GENERAL COMMENTS

Two substantially different petitions for rulemaking have been presented to the Commission and are the source of the questions to which FPL is responding. The petition submitted by Vistana (Docket No. 960020-EU) is very straightforward and, on a prospective basis, is viewed favorably by FPL. The changes proposed by MicroMETER (Docket No. 951485-EU) present a veritable minefield, and would create many significant problems. There are no real benefits to be realized through MicroMETER's proposal, but there are very real costs in customer service, customer protection, and conservation which would be borne by FPL and its customers. The benefit presented by MicroMETER, reduced rates through a change from a residential to a commercial tariff, is actually nothing more than unjustified cost avoidance, resulting in cost being shifted to FPL's other customers. MicroMETER's proposal is a solution in search of a problem - - a "solution" which would cause many problems - - and should be rejected.

- Q1. Pursuant to Rule 25-6.049 (5) (a), the units in time shares for which construction commenced after January 1, 1981 must be individually metered. Vistana seeks to amend the rule so that time share buildings may be master metered. Is it appropriate to allow time shares to be master metered? If time shares were master metered, what would be the impact on the utility, if any?

Because time shares tend to function more similarly to hotels than to permanent residences, it would be appropriate to allow master metering of these units. FPL believes that the timeshare "residents" are not held responsible, in most cases, for their electricity consumption while staying at the timeshare; thus there is no conservation benefit lost if these units are not individually metered.

If master metering is allowed for timeshare units on a prospective basis (i.e. for which construction is commenced after the effective date of the rule change), there will be a reduction in potential revenues due to a change from a residential rate to a lower general service demand rate. If existing timeshares are allowed to convert from individual to master metering, there would be two impacts on the utility. There would be revenue loss from the conversion of multiple residential accounts to general service demand service. The other impact would be the cost to the utility resulting from the conversion itself. This would include the removal of individual meters, the installation of master meters and any associated service changes. The cost of this work would be expected to far outweigh any savings which might result from a reduction in residential meters.

A potential impact of the master metering of time share buildings could be seen in the DSM area. While individually metered time share units are considered by FPL to be

residential and eligible for residential conservation programs, master metered time share buildings would not be eligible for those programs.

One additional impact of allowing the master metering of time share buildings would be seen during the construction process. Utilities have different rules and regulations governing the provision of service to residential (individually metered) time share units than would apply to commercial (master metered) buildings.

- Q2. Pursuant to Rule 25-8.049(5) (a), all marina slots must be individually metered. Is it appropriate to allow overnight occupancy marinas to be master metered? If marinas were master metered, what would be the impact on the utility, if any?
- A. Pursuant to Rule 25-8.049 (5) (a) 4., individual metering is not required for marinas where living aboard is prohibited by ordinance, deed restriction, or other permanent means. This assures that marina slots which are used as residences are treated consistently with other residences from a metering and billing standpoint. The current language provides a clear delineation of individual metering requirements. Changing the language, while still requiring some individual metering, would either place an inappropriate policing burden on the utility or result in some marina slips which are used as residences escaping individual metering.

If master metering is allowed for marinas on a prospective basis (i.e. for which construction is commenced after the effective date of the rule change), there will be a reduction in potential revenues due to a change from a residential rate to a lower general service demand rate. If existing marinas are allowed to convert from individual to master metering, there would be two impacts on the utility. There would be revenue loss from the conversion of multiple accounts to master metered general service demand service. The other impact would be the cost to the utility resulting from the conversion itself. This would include the removal of individual meters, the installation of master meters and any associated service changes. The cost of this work would be expected to far outweigh any savings which might result from a reduction in individual meters.

- Q3. MicroMETER seeks to amend Rule 25-8.049 so that the individual metering requirement may be accomplished by a non-utility entity. The utility would install a master meter and bill the building owner or manager, who would be responsible for submetering and billing the individual unit occupants. Is it appropriate to allow a non-utility to be responsible for the "individual metering" requirement?
- A. No, it is not appropriate to allow a non-utility to be responsible for the individual metering requirement. MicroMETER's proposal would create many problems, most of which would result from the removal of many protections which currently exist for customers. The proposal, if adopted, would also result in a reduction in revenue to utilities without any corresponding reduction in cost. In addition, such a change would remove the affected

individual residence occupants from eligibility for utility DSM programs targeted to residential customers.

The simple fact is that the Commission does not regulate building owners and managers. The rule which MicroMETER wishes to modify is a rule which governs electric service by utilities, not by building owners and managers. The proposal would result in a rule which dictates actions by the utility, but would not impose any obligation on the building owner or manager. There are several problem areas which result from this, many of which deal with the rules that govern service by utilities to their customers. Rules such as those which govern deposits and interest thereon, billing information, and disconnection of service would not apply to the submetered residents who would no longer be customers of the utility. Among FPL's specific concerns:

- 1) Many customer service concerns, for both the submetered residents and the utilities would result from the proposal. Who would these submetered residents call with high bill complaints, outage reports, general service questions and the like since they would no longer be customers of the utility?
- 2) How would the "customer" of the building owner or manager verify the accuracy of the bill? Presently the customer has the ability to read the utility meter and compare that reading to the bill.
- 3) There is no guarantee the submetering equipment would always be in place or utilized by the building owner or manager as originally intended. Once service is supplied by the utility, the only recourse if the owner/manager did not supply or maintain the equipment would be to disconnect service, which would punish the individual residents;
- 4) The rule change proposed would not require the same standards of accuracy and testing of the submeters as is required of FPL meters, drawing into question any bill allocation done using the submeters. This would also inevitably result in disputes resulting from discrepancies between the FPL master meter and the submeters.

In addition to these concerns, FPL feels the Commission should consider the potential loss of otherwise available conservation opportunities. Since individual unit residents would not be utility customers, they could not take advantage of utility DSM programs targeted to residential customers. While programs could be modified to allow for such participation, would it then be up to the building owner or manager, who would not benefit from a lower electric bill, to request participation?

Adoption of the proposed rule would also have a detrimental effect on the utilities' other customers. Converting individual meters into one master meter would result in a loss of revenue to the utility with no corresponding reduction in cost. This loss would be borne by other customers of the utility. While FPL's rates do not presently provide for this, a new rate could be developed for application to master metered residential buildings which would result in these customers still paying the same amount as the other residential customers, after adjusting for any metering or other customer cost reductions.

MicroMETER's proposal is also silent on the cost of converting existing individual metering applications to master metering. There is the potential for significant costs to the utility to remove individual meters and to rewire to provide for and install a master meter.

A major area of concern not addressed by MicroMETER is the cost of the submetering equipment and its ongoing operation and maintenance costs. It is extremely likely that the building owner or manager would somehow recoup these costs from the individual "customers". If this were done through rents or regular maintenance charges the true cost of this may not be apparent.

For all of the problems it would raise, MicroMETER's proposal would result in no real benefits to anyone other than the vendor of the submetering equipment and truly is a solution in search of a problem.

Q4. Do you presently bill any master metered customers at a residential rate? If so, is one RS customer charge assessed for all customers, or does each customer pay the RS customer charge?

A No, FPL does not bill any master metered customers at a residential rate. Per FPL's Electric Tariff (Sheet No. 4.010), Residential service is only for individually metered dwelling units, duplexes and triplexes. Master metered apartment buildings are specifically included under Commercial Service. Because FPL has very few master metered residential buildings, there has been no need to handle them differently. However, the residential rate is based on the load characteristics of the residential customers the utilities serve. Grouping residential customers together under a single meter would not change the usage characteristics of each individual residence. It is not appropriate for individual customers to gain a lower bill simply by combining their services, escaping cost responsibility without reducing the cost to serve them. If master metered residential buildings were to become more prevalent, it would be appropriate to consider a variation of the current residential rate to cover these customers.

Q5. Pursuant to Rule 25-6.049 (5) (a), the types of buildings listed in this paragraph for which construction commenced prior to January 1, 1981 may be master metered. What problems, if any, have been encountered with these buildings that were grandfathered in under this paragraph?

The only real problems FPL has encountered with the grandfathered buildings concerned master metered mobile home and RV parks. There have been several occasions on which residents of those parks complained to FPL that the park owner or manager was charging residents electric bills which totaled an amount greater than their electric bill. FPL is not aware whether any of these allegations were shown to be true.



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