

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

MEMORANDUM

December 4, 1997

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DEC 04 1997  
10:45

FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (GING) *PH &*  
DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) *TJB RUE JBT*

RE: DOCKET NO. 971468-EI - FLORIDA POWER CORPORATION -  
PETITION FOR APPROVAL OF EXPERIMENTAL RESIDENTIAL SERVICE  
RIDER BY FLORIDA POWER CORPORATION

AGENDA: 12/16/97 - REGULAR AGENDA - TARIFF FILING - INTERESTED  
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 1/5/98

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\971468EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power Corporation's (FPC) petition for an experimental Residential Seasonal Service Rider?

RECOMMENDATION: Yes. The Commission should approve FPC's petition for an experimental Residential Seasonal Service Rider. (GING)

STAFF ANALYSIS: On November 6, 1997 FPC filed a petition for approval of an experimental Residential Seasonal Service Rider. The Rider is expected to alleviate some of the problems associated with the large number of seasonal customers who disconnect service in the spring and reconnect service in the fall. FPC estimates that it currently has between 30,000 and 35,000 residential customers who typically disconnect service to their residences upon their departure after the winter season and reconnect service upon their return before the next winter season, with an average absence from the Florida Power system of four to five months. These seasonal customers are motivated to have their service disconnected while away from their residence to avoid paying a monthly customer charge of \$8.85.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Because these seasonal customers typically leave during the spring and return during the fall this creates a burden on customer service and field personnel to schedule and perform the associated disconnects and subsequent reconnects. This can lead to excess overtime and a backlog of disconnections for non-pay as well. A reconnection fee of \$15 is charged to customers upon reconnection. There is no charge for the initial disconnect of the customer if their balance is paid in full. In addition to the increased costs associated with this pattern of disconnection and reconnection are the lost customer charge revenues during the months when the customer is gone.

FPC proposes to offer on an experimental basis a "Residential Seasonal Service Rider". The rider will be available during the billing months of March through October to customers who will be absent from their residence for at least three months. The rider will remain in effect during this period for each billing month in which consumption does not exceed 210 kWh, or 7 kWh per day for billing months over 30 days. If consumption exceeds this threshold, the full customer charge will be billed. (This consumption threshold is intended to recognize when occupancy of the residence has been resumed, while allowing minimal usage when unoccupied for lighting, security devices, etc.) For customers requesting service under the rider, service will remain active and be subject to a reduced customer charge of \$3.00 per month. The reduced customer charge, coupled with the opportunity to avoid a reconnection charge, will eliminate or minimize the existing economic incentive to disconnect service.

FPC is proposing the Rider for a 24 month experimental period to evaluate program participation, savings and costs, and the effect of free riders. This period should allow FPC to collect and analyze data needed to determine whether the estimates and assumptions used in developing the rider are reasonably accurate and warrant continuing the rider on a permanent basis. FPC will submit a report on its evaluation of this data to Staff at least 60 days prior to the expiration of the rider.

Staff believes that the Rider should be approved because it will help the company better manage its customer service and field personnel during these peak periods of disconnection and reconnection while offering a savings to the customer with the added benefits of continuous electric service. Participation is voluntary and there are no additional charges or fees for non-participants.