



Public Service Commission

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RECORDED AND
REPORTING
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RECORDED FPSC

DATE: 10/22/98

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

FROM: DIVISION OF APPEALS (MOORE) *CTW*
 DIVISION OF ELECTRIC AND GAS (BASS) *Ray SA FLT*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *ASH PD*

RE: DOCKET NO. 981101-EI - PROPOSED AMENDMENT OF RULE 25-6.093, F.A.C., INFORMATION TO CUSTOMERS.

AGENDA: 11/3/98 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\981101.RCM

ISSUE 1: Should the Commission amend Rule 25-6.093, F.A.C., to require investor-owned electric utilities to provide information about the sources of generation to its customers by quarterly bill insert?

RECOMMENDATION: Yes.

STAFF ANALYSIS: In 1996, the National Association of Utility Regulatory Commissioners (NARUC) recognized that restructuring the electric industry should facilitate informed customer choice that will promote efficient markets, resource diversity and environmental quality. NARUC adopted a resolution supporting disclosure of the "price, price variability, resource mix and environmental characteristics" of electricity. While Florida is continuing to monitor the experiences of other states as they move towards retail competition in the electric industry, staff believes that it is not too early for the Florida investor-owned electric utilities to begin providing information to customers regarding the sources of electric generation. The proposed rule is a forerunner

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of the type of information customers will value should they someday be given a choice of generation supplier. Because the cost of providing this information is minimal, staff is recommending that Rule 25-6.093, F.A.C., be amended.

Staff considered two different rules for potential amendment. One amended rule proposal would have required the utilities to include the sources of electric generation on each monthly bill sent to customers. This rule amendment was the subject of a workshop held on March 3, 1998. The workshop was attended by representatives from Florida Power and Light Company, Florida Power Corporation, Gulf Power Company, the Legal Environmental Assistance Foundation, the American Lung Association of Florida, Inc., and Project for an Energy Efficient Florida. After receiving comments from the electric utilities and other interested parties, staff determined that, rather than including generation resource mix on customers' bills, amending the rule requiring certain information be provided to customers on a regular basis would be the most cost effective means of disseminating the information to customers.

The proposed amendment of Rule 25-6.093, F.A.C. would require the investor-owned utilities to provide to customers, by billing insert on a quarterly basis, the sources of generation for the 12 months prior to the billing cycle. The sources of generation would be stated by fuel type for utility generation and as "purchased power" for off-system purchases. The sources would be presented as kilowatt-hour percentages of the utility's total generation and purchased power.

Statement of Estimated Regulatory Cost: There would be costs associated with using monthly bills or quarterly bill inserts to provide fuel type usage information to customers. The total costs reported by companies to comply with providing bill inserts reporting fuel use mix would be \$665,900 on an annual basis. The reported cost to initially change the bill to report fuel use mix on customer bills rather than by quarterly inserts would be \$267,460. The reported annual ongoing costs to provide the information on monthly bills were \$1,970,324 for operating and maintenance expense and \$5,000 to handle 1,000 customer contacts. A Statement of Estimated Regulatory Cost is attached. (Attachment 2)

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DATE: 10/22/98

ISSUE 2: If no requests for hearing or comments are filed, should the rule amendment as proposed be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Unless comments or requests for hearing are filed, the rule as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments:

Rule
Statement of Estimated
Regulatory Costs

1 25-6.093 Information to Customers.

2 (1) Each utility shall, upon request of any customer, give
3 such information and assistance as is reasonable, in order that
4 the customer may secure safe and efficient service. Upon
5 request, the utility shall provide any customer information as to
6 the method of reading meters and the derivation of billing
7 therefrom, the billing cycle and approximate date of monthly
8 meter reading.

9 (2) Upon request of any customer, the utility is required
10 to provide to the customer a copy and/or explanation of the
11 utility's rates and provisions applicable to the type or types of
12 service furnished or to be furnished such customer, and to assist
13 the customer in obtaining the rate schedule which is most
14 advantageous to the customer's requirements.

15 (3) (a) By bill insert or other appropriate means of
16 communication, the utility shall give to each of its customers a
17 summary of major rate schedules which are available to the class
18 of which that customer is a member, and

19 (b) the utility shall provide the information contained in
20 paragraph (a) to all its customers:

21 1. Not later than ~~sixty~~ (60) days after the commencement
22 of service, and

23 2. Not less frequently than once each year, and

24 3. Not later than ~~sixty~~ (60) days after the utility has
25 received approval of its new rate schedule applicable to such

CODING: Words underlined are additions; words in
~~struck-through~~ type are deletions from existing law.

1 customer.

2 (c) In this subsection, "rate schedule" shall mean customer
3 charge, energy charge, and demand charge, as set forth in Rule
4 25-6.100, F.A.C.

5 (d) By bill insert on a quarterly basis using the utility's
6 normal billing cycle, each utility shall provide its customers
7 the sources of generation for the 12 months prior to the billing
8 cycle. The sources of generation shall be stated by fuel type
9 for utility generation and as "purchased power" for off-system
10 purchases. The sources of generation are to be set forth as
11 kilowatt-hour percentages of the total utility generation and
12 purchased power.

13 (4) Upon request of any customer, but not more frequently
14 than once each calendar year, the utility shall transmit a
15 concise statement of the actual consumption of electric energy by
16 that customer for each billing period during the previous ~~twelve~~
17 ~~(12)~~ months.

18 Specific Authority: 366.05(1), 350.127(2), F.S.

19 Law Implemented: 366.03, 366.041(1), 366.04(2)(f), 366.04(6),
20 366.05(1), 366.05(3), 366.06(1), F.S.

21 History: Amended 7/29/69, 11/26/80, 6/28/82, 10/15/84, formerly
22 25-6.93, _____.

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~~struck-through~~ type are deletions from existing law.

MEMORANDUM

August 7, 1998

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TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *BA - pmol*

SUBJECT: UPDATED STATEMENT OF ESTIMATED REGULATORY COST FOR PROPOSED AMENDMENTS TO RULE 25-6.093, F.A.C., INFORMATION TO CUSTOMERS OR RULE 25-6.100, F.A.C., CUSTOMER BILLING

SUMMARY OF THE RULES

Commission rules offer two different ways to convey additional information to electric utility customers. Currently, Rule 25-6.093(3), F.A.C., Information to Customers, describes the information, including major rate schedules, that investor-owned electric utilities are required to give customers, by bill insert or other appropriate means of communication. Rule 25-6.100, F.A.C., Customer Billing, describes the information that is required on each customer's bill, including KWH consumption and costs.

The purpose of the proposed rule amendments is to require the utility to provide additional information to customers, either through a quarterly bill insert, in the first rule, or on the monthly bill, in the second rule. The bills or bill inserts would identify the utility's sources of generation by fuel type for the prior 12 months and as "purchased power" for off-system purchases. The information would be expressed as kilowatt-hour percentages of the total utility generation and purchased power.

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

There are five investor-owned electric utilities (IOUs) which would be required to report the additional information on bills or bill inserts. One IOU does not generate and would only report its information as purchased power. Municipal and cooperative utilities would not be required to comply with the proposed rule.

Although ratepayers are not required to comply with the proposed rule amendments, they would receive direct information about fuel types used to generate their IOU's electricity. This type of information is of interest to customers who are concerned about the impact of sources of generation on the environment. However, there have been few requests or inquiries to the Commission for this type of information from the general body of ratepayers. The Division of Consumer Affairs received one inquiry regarding fuel type during the past year.

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The Florida Public Service Commission (Commission) could have additional costs with adoption of the proposed rule changes, as well as the usual costs of implementing a rule change. There may be additional customer inquiries when the additional new information is received. It is unknown how many additional inquiries may result or for how long. Existing staff should be able to handle a reasonable number of additional inquiries. No other costs to state or local government entities are foreseen nor would there be any impact on revenues.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

There could be significant additional transaction costs to comply with proposed amendments to Rule 25.093(3), F.A.C., Information to Customers, and 25-6.100, F.A.C., Customer Billing, because companies would have to compile the fuel type information for the preceding 12 months on an ongoing basis and incur the costs to modify their bills to add the information on a monthly basis.

Florida Public Utilities Company

Florida Public Utilities Company (FPUC) estimated that its annual cost to comply with Rule 25-6.093(3)(d), F.A.C., would be \$1,900. The one-time cost to design a new bill to comply with Rule 25-6.100(2)(k) would be \$3,000. FPUC sees no benefit to the Company or to its customers from either of the proposed rule changes. As an alternative, FPUC would like to state on its monthly

bill, "FPUC is not a generating company and therefore purchases all power distributed to our customers." The annual cost for this alternative would be approximately \$200.

Florida Power Corporation

Florida Power Corporation (FPC) estimated that to comply with a quarterly bill insert would be an estimated 4 cents per insert. FPC's customer base is 1.3 million for a total cost of \$52,000 per quarter, or \$208,000 annually. The cost of requiring a monthly bill message on the customer bill would be the initial programming to create a new window stating the fuel mix and creating the ability for the message to be altered on a monthly basis. The total one time cost for this functionality would be \$40,000. Florida Power Corporation stated:

Space in the customer bill is extremely limited to avoid additional postage costs and this proposal would therefore limit Florida Power Corporation's ability to utilize other bill inserts to communicate to it's [sic] customers. . . . Presenting the actual fuel mix used by Florida Power Corporation on the bills will likely generate customer complaints from customers not desiring to be served by that particular fuel, i.e., [sic] nuclear or oil.

FPC would prefer to educate customers about the particular fuel mix utilized by including the information on an annual bill insert explaining the fuel adjustment. This cost would be minimal, and the communication would be timely with the change in fuel prices. A second alternative would be to place a message on the customer bill once a year explaining that this information is available by calling or visiting the utility. If there were 1,000 customer contacts, the total inquiry costs would be around \$5,000 annually.

FPC has not received any appreciable number of inquiries form customers requesting this information. FPC stated that, "Although some customers would find this information interesting, there is really no quantifiable benefit to this proposal since we cannot change the fuel mix to customers."

Florida Power & Light

Florida Power & Light (FPL) stated that there would be no additional cost for bill inserts if the information can be printed in the regularly scheduled residential bill insert. If separate bill inserts are required, there would be an additional \$128,000 annual cost.

In order to comply with a requirement to print a statement on the monthly bill, FPL indicated that initial development costs would be \$106,560, with annual incremental operating and maintenance costs of \$130,724.

FPL that it has not identified any benefits to the proposed rule amendments.

Gulf Power

Designating a new area of the bill would require an extensive amount of lead time for programming and testing. Also, a bill insert would be needed the first month the new billing format is introduced to describe in detail the meaning of the new data. The initial cost would be \$103,100 for the programming, administrative, printing, and customer inquiries expenses. Ongoing monthly costs would be \$5,800 (or \$69,600 annually).

A bill insert would cost \$7,000 quarterly for labor, printing, and administrative costs (or \$28,000 annually).

Gulf alternatively suggests that this information be supplied annually on a bill insert as the most efficient method of furnishing these data to the general body of ratepayers. This would save an estimated \$159,900 in the first year versus changing the bill.

Gulf has been unable to identify any benefits to either proposed rule change and does not receive requests for this information from customers.

Tampa Electric Company

Tampa Electric Company (TECO) estimated that the additional cost to provide the proposed information on a bill insert would be approximately \$300,000 annually. The additional costs to provide the information on a monthly bill would be approximately \$14,800 for initial implementation (programming costs) and \$1,770,000 annually, including increased postage, printing, and administrative expenses.

The information is already tabulated and summarized and provided to the Commission monthly in the fuel reports and in the semi-annual fuel adjustment true-ups, and also appears in the Ten Year Site Plan filing. TECO believes that it would be more cost effective to provide this information on an as-needed or as-requested basis.

If the proposed rule is passed, the least-cost approach for TECO would be to provide the generation source in a summary in the Company's Open Lines newsletter already included with customer bills on a quarterly basis. This would increase costs related to customer inquiries, by approximately \$5,000 per annum.

If the information is to be provided on the bill, TECO could most cost effectively provide the information on the back of the bill. There would still be administrative costs, and the bill stock would have to be changed from quarterly to monthly printing, resulting in a cost of almost \$10,000 per month (or \$120,000 annually).

TECO stated:

These proposed rule changes are changes which will provide no benefit and result in additional costs. The information regarding generation source is available through Tampa Electric's monthly fuel reports which are on file at the Commission. To provide the proposed information on bill inserts or on the monthly or quarterly bill or bill inserts seems to be redundant and unnecessary. Tampa Electric has received no inquiries as to the generation source and when compared with the information that is currently required on the bill, this seems to be totally inappropriate and may even be confusing to the customer. Currently the bill states only information necessary to quantify, calculate and remit the billed amount, and to add information to the bill which has nothing to do with the payment would unduly confuse the customer. It has been our experience that changes on the bill statement result in increased calls to question the change.

Summary

The purpose of the rule would be to provide fuel type usage information to customers, but there would be costs associated with using monthly bills or quarterly bill inserts to provide it. The total reported costs to comply with providing inserts reporting fuel use mix would be \$665,900 on an annual basis. The reported cost to initially change the bill to report fuel use mix would be \$267,460. Ongoing costs reported were \$1,970,324 for operating and maintenance expense and \$5,000 to handle 1,000 customer contacts.

IMPACT ON SMALL BUSINESS, SMALL CITIES, OR SMALL COUNTIES

None of the companies subject to the rule met the statutory definition of a small business. If electricity rates were raised because of the cost to provide the additional information, small businesses could be impacted; but the impact is not likely to be significant. No additional direct

impact on small cities or small counties is foreseen, although they would be subject to the additional costs if they are customers of an IOU and rates are raised in a rate case.

REASONABLE ALTERNATIVE METHODS

An alternative suggested at a workshop was to not require the fuel type information in bill inserts or on the bill. The information is available to interested customers who call their utility or the Commission. In addition, the Commission publishes an annual electric industry statistical report that gives the net generation by fuel type for Florida. Given the interconnected nature of the Florida electrical grid, usage for all of Florida may be a more valid way to report fuel type information.

Another suggested alternative, if the rule amendments were adopted, would be to base the fuel source information on the prior year instead of the 12 months prior to the billing cycle.

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