



**Florida
Power**
CORPORATION

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JAMES A. MCGEE
SENIOR COUNSEL

December 2, 1998

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

Re: Docket No. 981101-E!

Dear Ms. Bayó:

Pursuant to the Commission's Notice of Rulemaking, Order No. PSC-98-1482-NOR-EI, issued in the subject docket, enclosed for filing are an original and fifteen copies of Florida Power Corporation's Comments and Suggestions regarding the proposed amendment of Rule 25-6.093, F.A.C., Information to Customers.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

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Enclosure
cc: Christine T. Moore, Esquire
Ms. Roberta Bass

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DOCKET NO. 981101-EI

PROPOSED AMENDMENT OF
RULE 25-6.093, INFORMATION TO CUSTOMERS

COMMENTS AND SUGGESTIONS OF
FLORIDA POWER CORPORATION

Florida Power's comments and suggestions are two fold. First, Florida Power believes that the proposed rule amendment is premature and unnecessary at this juncture. Second, Florida Power suggests that if the proposed information is to be provided to customers, it would be more meaningful and cost-effective to do so on an annual basis, rather than quarterly.

The proposed rule amendment is premature.

The impetus behind the proposal to provide information to customers about the fuel mix of utilities, as Staff recognized in its September 24, 1998 recommendation to the Commission, is to increase the knowledge of customers about the differences between these utilities in anticipation of the choice they will need to make under retail competition. Indeed, similar proposals have met with varying degrees of success in other states where some form of retail competition has been approved for near-term implementation. In Florida, however, there is no clear indication that retail competition will be adopted, much less that its adoption is imminent.

In the absence of a forthcoming opportunity to choose electric suppliers, those customers who find the proposed fuel mix information meaningful will face the prospect of being unable to use it for any immediate purpose. Likewise, utilities will have little opportunity to meaningfully respond to any customer reaction that may result from this information, since significant changes in a utility's fuel mix generally require a long lead time.

In short, the proposed information may be useful to customers in the transition to retail competition, but it is decidedly premature in Florida at this juncture. Providing the information before it can be used meaningfully by

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customers creates as much potential for harm, in the form of customer confusion and frustration, as for good, in the form of a more informed customer base.

If the proposed information is to be provided, it should be on an annual basis.

As currently worded, the proposed rule amendment requires that a utility provide its fuel mix information to customers on a quarterly basis. For several reasons, Florida Power believes that providing the information on an annual basis is preferable.

First, reducing the frequency of the bill inserts would decrease the utilities' estimated cost of \$665,900 to comply with the rule by a factor of four, or by almost \$500,000.

Second, the Commission's ongoing fuel adjustment proceedings have recently been converted from a six-month to an annual cycle. Providing the utilities' fuel mix information to customers on an annual basis would allow the 12-month period used to determine the fuel mix to coincide with the same period used to determine the customers' fuel charge.

Third, as noted above, changes in a utility's fuel mix tend to occur gradually over a long period. As a result, updating the 12-month calculation on a quarterly basis will provide very little to customers in the way of new information, particularly since 9 of the 12 months used in one calculation will be the same months used in the previous calculation and the 3 new months will replace the same calendar months used in the previous calculation. The small, relatively insignificant fluctuations in fuel mix reported quarterly could be more effectively captured if reported annually for sequential, non-overlapping 12-month periods.

Finally, paragraph (3)(b) of the same customer information rule currently requires that at least once each year utilities provide a bill insert to customer containing a summary of applicable rate schedules. If the utilities' fuel mix information were similarly required to be provided on an annual basis, utilities

would have the opportunity to include this information in the bill insert currently prepared to provide the rate schedule information. This would minimize the multiplicity of bill inserts customers already receive in their mail, and would virtually eliminate the incremental cost incurred by the utilities to comply with the rule amendment.

Other comments and suggested revisions.

In the event the Commission decides not to change the frequency of providing the fuel mix information from quarterly to annually, Florida Power asks that the proposed amendment be revised to give the utilities the option of providing the information by either a bill insert or a message on the customer bill. Under either option there are potential conflicts with other bill inserts or messages vying for space in the envelope or on the bill. Florida Power believes it would be helpful to have the flexibility, both initially and as conditions change over time, to further evaluate which option has the best capability to manage these conflicts as they arise.

Lastly, in the nature of housekeeping, Florida Power suggests that the language in the 3rd line of new paragraph (3)(d) which reads "for the 12 months prior to the billing cycle" be revised to read "for the most recent 12-month period available prior to the billing cycle." Allowing for the time required to obtain final data and to prepare and print the bill inserts, it would not be possible to have bill inserts based on data for 12 month ending in one month available for cycle 1 bills the following month.