

State of Florida



Public Service Commission

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**DATE:** JUNE 13, 2001

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

**FROM:** DIVISION OF ECONOMIC REGULATION (E. DRAPER) EJD RVD  
DIVISION OF LEGAL SERVICES (HART) DDA RVE DRW 790

**RE:** DOCKET NO. 010443-EI - PETITION FOR APPROVAL OF WIRELESS INTERNET SERVICE (WIS-1) RATE AND SERVICE AGREEMENT BY FLORIDA POWER & LIGHT COMPANY.

**AGENDA:** 6/25/01 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: 6/4/01, 8-MONTH EFFECTIVE DATE: 12/5/01

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\010443.RCM

CASE BACKGROUND

On April 5, 2001, Florida Power & Light Company (FPL) submitted a new Wireless Internet Service (WIS-1) Rate and Service Agreement. At the May 29, 2001, Agenda Conference the Commission suspended FPL's proposed WIS-1 rate to allow staff additional time to conduct discovery.

FPL filed the WIS-1 rate as a result of a complaint filed by Metricom, Inc. (Metricom) against FPL on December 22, 2000. See Docket No. 001814-EI. In its complaint, Metricom alleged that FPL violated Sections 366.03 and 366.06(2), Florida Statutes, by refusing to offer Metricom adequate and efficient electric service at fair and reasonable rates.

Metricom provides a wireless communications service that enables users of portable and desktop computers to have continuous mobile access to the internet. This service requires the placement

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of Microcell Radios (radios) throughout the service area. The radios are shoebox-sized transceivers that are mounted on street light arms. The radios consume a small, predictable amount of electricity. Metricom will use FPL-approved contractors to install and maintain the radios.

Metricom requested service from FPL in 1999. FPL indicated that Metricom's radios would be provided service under the General Service - Non Demand (GS-1) rate schedule. Under the GS-1 rate, each radio would be billed as a separate account, and a customer charge would be assessed to each account. Metricom states that it plans to install approximately 3,500 radios in FPL's service territory. Metricom asserted in its complaint that separately billing each radio under the GS-1 rate would result in excessive and unreasonable charges.

Subsequent to Metricom's complaint, FPL and Metricom engaged in further negotiations. On April 6, 2001, Metricom filed a Notice of Voluntary Dismissal of its complaint against FPL following FPL's filing of the WIS-1 rate.

The Commission has jurisdiction over the subject matter pursuant to Sections 366.04, 366.05(1), and 366.06, Florida Statutes.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve FPL's proposed new WIS-1 rate and agreement?

**RECOMMENDATION:** Yes, the proposed tariff should be approved. [E. DRAPER]

**STAFF ANALYSIS:** FPL's proposed WIS-1 rate is a new optional rate that is available for wireless internet devices whose usage is constant and predictable. Service under the rate will be unmetered.

The proposed rate includes the following bill components: (1) a non-fuel energy charge (energy charge) of 19.152 cents per kilowatt hour (kWh); (2) all otherwise applicable GS-1 adjustment clause charges; and (3) all applicable taxes. Customers taking service under the WIS-1 rate will not be assessed a customer charge.

The WIS-1 rate is designed to provide qualifying customers such as Metricom with savings relative to the otherwise applicable GS-1 rate. Under the GS-1 rate, the monthly bill (excluding taxes) for one internet device is \$7.70 including the GS-1 customer charge of \$6 for unmetered service. Under the WIS-1 rate, the monthly bill for one internet device will total \$4.70. These bills are based on the estimated 20 kWh per month consumption for the radio. See Attachment A.

The WIS-1 energy charge is 15 cents per kWh higher than the GS-1 energy charge. This difference in the energy charge is designed to recover the incremental customer-related costs FPL projects to incur as a result of this new rate schedule, and represents the customer component of the WIS-1 rate. FPL provided documentation which identifies the incremental customer-related costs. These costs include annual recurring costs such as account manager's set-up time, tariff administration, and postage. In addition to recurring costs, FPL states that it will incur an initial one-time cost of \$27,140 to program its billing system to accommodate a new class of customers.

FPL's analysis shows that the customer component of revenues is expected to equal the incremental customer-related costs if sales reach 360,000 kWh in year 3. According to FPL, Metricom has represented that it will install the internet devices over a three-year period, and that a consumption of 360,000 kWh in year 3 is

consistent with the minimum projections in their business plan. To achieve this consumption level, Metricom must install 1,500 radios.

As a result of the phased installation, FPL believes that the revenues from the customer component of the WIS-1 rate during the first two years may not be adequate to cover all the customer-related costs FPL projects to incur. However, FPL is willing to accept Metricom's representation that the minimum usage will be achieved within three years. To protect the general body of ratepayers from subsidizing a below-cost rate indefinitely, FPL included language in the tariff stating that it may petition the Commission to withdraw this rate schedule and transfer any existing customers to the otherwise applicable rate schedule if the total energy sales under this rate do not reach 360,000 kWh by June 2004.

Service under the WIS-1 will be unmetered. For billing purposes, the monthly usage for each internet device will be the greater of 20 kWh or an estimate based upon information provided by the customer. Metricom, for example, provided information that shows that its internet devices consume on average 19.184 kWh per month. The proposed tariff requires FPL to meter sample points of the customers' devices. In the event that FPL's sample metering does not support the information on usage provided by the customer, FPL may adjust the kWh consumption for billing purposes to reflect the results of the sample metering.

Customers taking service under the WIS-1 rate will be billed under the provision for summary billing contained in FPL's current tariff sheet No. 6.060. This provision allows customers with ten or more accounts to request a summary bill statement for all accounts included in the summary bill. Individual account information is attached as backup information. Metricom, for example, will receive a summary bill statement for every 100 internet devices.

Based on its review of the cost data provided by FPL, staff believes that the proposed rate is reasonable for these unique devices. Therefore, staff believes that FPL's proposed new tariff should be approved.

DOCKET NO. 010443-EI  
DATE: June 13, 2001

**ISSUE 2:** What is the appropriate effective date for FPL's proposed WIS-1 tariff?

**RECOMMENDATION:** The appropriate effective date for FPL's proposed WIS-1 tariff is June 25, 2001. [E. DRAPER]

**RECOMMENDATION:** If the Commission approves FPL's proposed WIS-1 tariff at its June 25, 2001, Agenda Conference, they should become effective on that date.

**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** Yes, if no protest is filed within 21 days of the issuance of the order. [HART]

**STAFF ANALYSIS:** If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.

ATTACHMENT A

Comparison of monthly bill as of June 2001 for one internet device (20 kWh) under the GS-1 rate and FPL's proposed WIS-1 rate.

	GS-1 (c/kWh)	WIS-1 (c/kWh)
Customer charge for unmetered service	\$6	n/a
Non-fuel Energy Charge	4.152	19.152
Fuel Cost Recovery Clause	3.667	3.667
Energy Conservation Cost Recovery Clause	0.173	0.173
Capacity Recovery Clause	0.492	0.492
Environmental Cost Recovery Clause	0.007	0.007
<b>Total Monthly Bill</b>	<b><u>\$7.70</u></b>	<b><u>\$4.70</u></b>