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State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 14, 2011

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Draper, Kummer)
Office of the General Counsel (Crawford)
Division of Regulatory Analysis (Ma)

RE: Docket No. 100358-EI – Investigation into the design of Commercial Time-of-Use rates by Florida Power & Light Company, pursuant to Order No. PSC-10-0153-FOF-EI.

AGENDA: 04/26/11 - Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100358.RCM.DOC

Case Background

On March 17, 2010, the Commission issued Order No. PSC-10-0153-FOF-EI (Final Order) in Docket No. 080677-EI.[1] The Final Order was a culmination of the rate case proceeding which commenced on March 18, 2009, with the filing of a petition for a permanent rate increase by Florida Power & Light Company (FPL). One of the issues raised in the rate case was the design of FPL's time-of-use (TOU) rates for commercial customers. While the Commission approved FPL's proposed TOU design, the Final Order directed FPL to work with

[1] Order No. PSC-10-0153-FOF-EI, issued March 17, 2010, in Docket No. 080677-EI, In re: Petition for increase in rates by Florida Power & Light Company.

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the Association For Fairness In Rate Making (AFFIRM), and any other parties who wish to participate, to explore a new time-of-use (TOU) option for commercial customers and to provide a report to the Commission no later than August 1, 2010. AFFIRM, representing a coalition of quick serve restaurants (QSR) such as Waffle House, Wendy's and Pizza Hut, intervened in FPL's rate case. In the rate case, AFFIRM witness Klepper testified that FPL should develop a new TOU rate for AFFIRM members and similarly situated customers because the rate schedules currently available to them do not reflect the economies of scale to FPL that result from the load characteristics of AFFIRM members.

The Final Order noted that AFFIRM did not propose a specific rate design and that there was insufficient evidence in the docket to require FPL to design a new TOU rate for commercial customers. The Final Order further stated that in order to design a new rate, FPL would need to identify types of customers to be targeted, and determine what the specific load and cost characteristics of the new sub-group of customers would be. The Commission, therefore, directed FPL to work with AFFIRM and address the concerns raised by AFFIRM and report back to the Commission, no later than August 1, 2010, on the progress of such discussions.

Subsequent to the rate case, staff held conference calls with FPL, AFFIRM, and other interested parties on April 22, June 3, and July 19, 2010, to discuss FPL's TOU rates. As a result of the conference calls, FPL provided data including the hourly system load and hourly system lambdas as reported on FERC Form 714 to aid AFFIRM in its analysis of FPL's load shape. AFFIRM provided FPL QSR accounts located in Georgia and FPL's service territory to allow FPL to compare QSR load profiles to the General Service Demand (GSD) class load profile. On June 17, 2010, AFFIRM filed a memorandum in response to FPL's request summarizing AFFIRM's position and items for FPL to consider. In its memorandum, AFFIRM refined its request and proposed a three-tier seasonally-differentiated TOU rate with the peak period based on hourly incremental costs. FPL and AFFIRM were unable to reach an agreement on the issue of commercial TOU rates, and staff opened the instant docket on July 20, 2010.

On August 2, 2010, FPL filed a report on its review and analysis of a potential multi-period time-of-use rate for commercial and industrial customers. On September 2, 2010, AFFIRM filed its Responses to FPL's report. On September 28, 2010, FPL filed a reply to AFFIRM's response. On December 8, 2010, FPL filed responses to Staff's Data Request.

On September 22, 2010, AFFIRM Witness Klepper filed testimony in the Fuel and Purchased Power proceeding, Docket No. 100001-EI, to address FPL's fuel TOU rates. AFFIRM subsequently withdrew the testimony and the parties agreed to address the fuel TOU rates in this proceeding.

On March 7, 2011, AFFIRM provided a summary of AFFIRM's concerns. On March 8, 2011, FPL submitted its response.

This recommendation addresses FPL's report. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission order FPL to file a new commercial TOU rate?

Recommendation: No, there is not enough evidence at this time that would support a new TOU rate for commercial customers. However, FPL should further investigate whether fuel TOU factors based on marginal costs and/or summer and winter differentiation would benefit customers and provide system benefits and report back in testimony filed in the 2011 fuel proceeding. (Draper, Kummer, Ma)

Staff Analysis: The standard rate for medium sized commercial customers such as AFFIRM members is FPL's General Service Demand (GSD) rate schedule. Under the GSD rate, customers pay a levelized base energy charge and a levelized fuel charge. GSD customers have the option to take service under the General Service Time-of-Use rate (GSDT), which provides for time-differentiated base energy and fuel charges. The GSDT tariff defines the on- and off-peak periods, and the corresponding charges. The on-peak base energy and fuel charges are higher than the off-peak energy and fuel charges allowing participating customers to manage their energy costs by shifting usage to the lower cost off-peak period. The GSDT demand charge only applies to on-peak usage - there is no demand charge for off-peak usage.

Summary of FPL's TOU report (Report)

FPL concluded in its Report that QSRs can benefit from FPL's current rate offerings and a new and different TOU rate option is not necessary or appropriate at this time. FPL provided several reasons to support its conclusion, which are summarized below.

FPL stated that most AFFIRM members are in the GSD rate class, and its analysis of customer load profiles for QSR customers reflect that they are generally similar to the load profile of the GSD rate class as a whole. While it is difficult to determine which accounts are QSRs simply from the account name, FPL was able to analyze load research data on five QSRs, which FPL compared to the load profile of the GSD rate class. FPL concluded that there is no significant difference in the pattern of how the QSRs and the GSD rate class consume energy.

The current standard TOU periods were established for all Florida investor-owned utilities (IOU) in Order No. 9661 as a result of the Public Utility Regulatory Policies Act of 1978 (PURPA).[2] Congress enacted PURPA to promote energy conservation and set forth certain rate-making standards, such as time-of-day, interruptible, and cost-of-service rates. The Commission at the time opened a series of dockets to study the PURPA rate making standards. The standard TOU periods established in Order No. 9661 differ between the summer months (April through October) and the winter months (November through March). During the summer months, the on-peak period is noon to 9 pm, Monday through Friday. During the winter months, the on-peak period is 6 am to 10 am, and 6 pm to 10 pm, Monday through Friday. All other hours and certain holidays are considered off-peak.

[2] Order No. 9661, issued November 26, 1980, Docket Nos. 780793-EU and 790859-EU, In re: Show cause order to electric utilities concerning peak load pricing for general service customers and In re: General investigation into electric rate structures to see whether they tend to promote the conservation of energy.

FPL stated that its analysis of the system load data for 2006 through 2009 shows that the use of the current TOU periods is accurate and correct. FPL states that FPL's summer peak has a long relatively flat peak between the hours of 12 noon and 9 pm. FPL's winter peak day is characterized by a morning peak between the hours of 6 am and 10 am and a slightly lower evening peak between the hours of 6 pm and 10 pm. FPL stated that its winter peak day has been a morning peak every year since 1975, except for three years. FPL further stated that AFFIRM's request to reclassify April as a winter month is not reasonable, as the April peak day load shape follows the summer peak load shape, and not the winter peak load shape.

FPL contends that a new TOU rate is not necessary to address AFFIRM's concerns regarding rate options for its customers. FPL stated that it currently offers a Seasonal Demand Time-of-Use Rider (SDTR) with a short three-hour peak period during the months of June through September. FPL stated that this rate design is very similar in design to the characteristics of the a new TOU rate as articulated by AFFIRM and that QSR customers can benefit from the GSDT and SDTR rate schedules. FPL also offers the Business On Call load control program for customers who are willing to have certain portions of their electric service controlled but cannot actively manage their load. The Business On Call program offers customers a $2/ton credit during April through October for allowing FPL to cycle air conditioning load. Finally, FPL stated that it has load research data for five QSRs, and FPL explained that its analysis of those QSRs reveals that two of the five QSRs could save on the GSDT rate, and one QSR could save on the SDTR rate.

FPL further noted that FPL offered a Real Time Pricing (RTP) pilot from 1995 through 2003. The RTP rate provided hourly marginal energy prices to participating customers. The RTP rate was closed due to lack of participation and participants' lack of response to price signals.

In its June 17, 2010 Memorandum, AFFIRM stated that FPL's winter pricing is less than FPL's summer pricing based on incremental (or marginal) system costs. In its Report, FPL stated that AFFIRM continues to confuse incremental fuel costs and base rates. FPL noted that in Florida, base rates are based on embedded costs, not marginal costs, and that the price for embedded capacity is no different in the winter than the summer.

FPL explained that implementation of a third intermediate peak period as requested by AFFIRM would be a costly solution for which corresponding benefits have not been identified and is not necessary when alternative solutions are already available. FPL stated that its Customer Information System would need to be modified to store, process and bill a third time period, which would cost an estimated $2.9 million and require 22 months to accomplish.

With respect to AFFIRM's comments on FPL's TOU fuel charges, FPL stated that its fuel factors are priced on the average cost of fuel used during the on- and off-periods, not the incremental cost of fuel.

<u>AFFIRM's Response to FPL's report (Response)</u>

AFFIRM contends that the Commission should direct FPL to develop and offer a new TOU rate for medium sized business customers, or direct FPL to modify its existing GSDT rate.

AFFIRM in its Response contends that the GSDT rate currently offered by FPL to its medium sized business customers is highly ineffective, discriminatory, and in need of revision. AFFIRM further takes the position that the existing FPL rates are badly structured in that such rates make little attempt to correlate electric service pricing with cost causation. AFFIRM concludes that there is an opportunity to create multi-period commercial TOU rates that will better allocate costs to the cost causers and that will provide corresponding benefits to FPL in the form of better control over demand related costs.

AFFIRM provides several reasons it believes that FPL's existing TOU rates are improperly structured, which are summarized below.

Summer Months. AFFIRM states that the current nine-hour summer on-peak period is entirely arbitrary and unsupported by any evidence. AFFIRM asserts that FPL made the argument that the summer TOU hours should be determined in accordance with FPL's summer peak hour, and the winter TOU hours should be determined in accordance with FPL's peak winter peak hour. AFFIRM notes that any determination of on-peak hours for the summer months that relies on the summer peak hour is inconsistent with the use of the 12 Coincident Peak (CP) method to allocate demand related costs. AFFIRM further notes that when a 12 CP method is used to allocate costs, an appropriate analysis requires an examination of the peak hour in each month of the year.

AFFIRM states that it reviewed FPL's monthly system peak load data during the summer months for each year from 1994 to 2009. AFFIRM concludes that almost all the monthly peaks during the summer months occurred during the 3-hour period from 3 pm to 6 pm (referred to as "Three Hour Summer Peak"). AFFIRM, therefore, disagrees with FPL's report which states "FPL's summer peak day has a long relatively flat peak between the hours of 12 noon and 9 pm." AFFIRM concludes in its Response that the selection of the nine-hour on-peak period is entirely arbitrary and unsupported by any empirical evidence.

AFFIRM further asserts that there is a significant difference in the average peak day loads between the Three Hour Summer Peak and the three hour period on each side of the Three Hour Summer Peak ("Wing Periods.") AFFIRM states when measured in megawatt (MW), the differences between average load between the Wings Periods and the Three Hour Summer Peak are so large, that FPL has the opportunity to remove from service at least one generating unit and still serve its load during the Wing Periods.

In summary, AFFIRM contends that the evidence shows that during the summer months, FPL peaks only during the 3 pm to 6 pm period. Therefore, for purposes of structuring an effective commercial TOU rate, the peak period for the summer months should be defined as the 3-hour period from 3 pm to 6 pm.

Winter Months. The current on-peak hours for the winter months November through March are Monday through Friday from 6 am to 10 am, and 6 pm to 10 pm. AFFIRM notes in its Response that FPL's system load shapes for the winter months present a difficult problem in constructing a single rate design that would apply effectively to each individual winter month. AFFIRM based its conclusion upon a review of FPL's monthly system peak load data for the years 1994 through 2009 (Attachment 4 to AFFIRM's response). AFFIRM recommends that the on-peak period for January and February should be changed to the 2-hour period 7 am to 9 am. AFFIRM further suggests that November and March should be classified as summer months. Finally, for the month of December AFFIRM states that the on-peak period should be 6 pm to 7 pm.

In its March 7, 2011 summary of concerns, AFFIRM states that during the winter months of November and March, and the summer months of April and October, all hours should be considered Off-Peak and priced accordingly. This appears to be a modification of AFFIRM's position in its Response.

Inadequacy of FPL's existing rates for commercial customers. AFFIRM contends FPL's current rates that are available to medium sized business are ineffective. AFFIRM asserts that despite the varying load patterns of medium sized business customers, more than 96 percent of those customers find that FPL's rate offerings provide no cost reduction opportunity when compared simply to using FPL's standard GSD-1 rate. AFFIRM notes that the benefit of the GSDT-1 rate compared to the GSD-1 rate occurs only if the customer consumes less than 30 percent of its energy during the on-peak period. However, the on-peak period is improperly defined. In response to FPL's On Call load control program, AFFIRM states that a load control option would be disruptive to their businesses and AFFIRM members are not willing to cede a load control option to FPL. Finally, AFFIRM notes that the SDTR rate was not designed for use by QSRs and similarly situated customers and does not fit the need of such customers.

Fuel TOU charges. As stated in the case background, AFFIRM filed testimony in the fuel proceeding (Docket No. 100001-EI) to address its concerns with FPL's structure of the GSDT fuel charges (fuel testimony). AFFIRM voluntarily withdrew that testimony to address both base rates and fuel TOU charges in this proceeding.

Many of the arguments AFFIRM raises in the fuel testimony are similar to the arguments AFFIRM raised in its Response filed in this docket. AFFIRM Witness Klepper stated in his fuel testimony that AFFIRM members are economically disadvantaged in the purchase of electricity because the TOU rate components of the fuel charges are structured inappropriately. AFFIRM explains that the fuel on-peak and off-peak charges are determined on a weighted average basis; the fuel expenses for the summer and winter on-peak periods are divided by the energy generated and purchased for the summer and winter on-peak periods. Correspondingly, the same calculation is done for the off-peak period.

To analyze FPL's fuel TOU charges, AFFIRM reviewed FPL's hourly incremental fuel costs, or system lambdas, as reported by FPL each year as part of FERC Form 714. AFFIRM concludes that FPL's hourly loads and associated fuel costs during the winter months are materially different from and lower than the hourly loads and associated fuel costs during the summer months. AFFIRM, therefore, proposes five separate rate periods: an on-peak and off-peak component for the winter months, and, an on-peak, shoulder, and off-peak component for the summer months.

FPL's Reply to AFFIRM's Response

FPL states in its reply that the response provided by AFFIRM reflects a position that was modified from that previously provided to FPL in their June 17, 2010, memorandum. FPL further states that AFFIRM's response contains a number of erroneous interpretations of data provided in FPL's study as well as other inaccurate factual assertions. FPL notes that AFFIRM's acknowledged variability in QSR load profiles continues to support the FPL position that the QSR load profile is not unique to the point of requiring a new rate class or unique rate offering.

FPL states that AFFIRM incorrectly implies that on-peak hours are set based entirely on the winter/summer peak hours. FPL adds that while it is the goal to capture the peak hour in the on-peak period definition, other considerations also come into play such as energy usage, the distribution of peak hours, and other operational issues, such as winter loads in the evening.

FPL maintains that AFFIRM's response places great weight on the specific hour that the system peak has historically occurred versus identifying an on-peak period in which the peak and near-peak hours are likely to occur and in which energy consumption is at higher levels. FPL further states that sending a large price signal during a narrow 3-hour time period would incent customers to shift load outside of this narrow period, and given that FPL's overall load is nearly flat for a long period, a strong price signal over a short period of time has the potential to create a new system peak outside the 3-hour peak, negating any capacity savings. FPL further notes that FPL currently offers a rate with a 3-hour summer on-peak period (SDTR rate) that was summarily dismissed by AFFIRM.

Finally, FPL states that AFFIRM's acknowledgement that some QSRs benefit from FPL's varying rate options (SDTR, GSDT, and Business On-Call program) while others do not, runs counter to AFFIRM's claim of a strong correlation existing between all QSRs such that a special rate is needed.

Staff Analysis

Peak load analysis. The main thrust of AFFIRM's contention with FPL's GSDT rate is the length of the summer on-peak period, which is from noon until 9 pm. In its June 17, 2010 Memorandum, AFFIRM proposed a three-hour summer on-peak (Monday through Friday) from 2 pm until 5 pm. In its Response, it appears AFFIRM modified its position and suggests a three-hour summer on-peak from 3 pm until 6 pm. AFFIRM contends that FPL is using a single summer peak hour to determine the on-peak hours for the summer months and that is inconsistent with the use of a 12 Coincident Peak (CP) method to allocate demand-related costs. AFFIRM is correct that FPL allocates production demand costs to the rate classes based on the 12 CP and 1/13 Average Demand methodology.[3] However, the TOU rating periods are based on load shapes, and FPL does not use a single summer peak to set TOU periods.

[3] Under this method, $12/13^{th}$, or 92 percent, of the demand costs are allocated to the rate classes based on their average 12 monthly CP demands, while $1/13^{th}$, or 8 percent, is allocated on energy based on kWh sales. CP is the maximum peak demand of a class which occurs at the time of the system peak.

Staff prepared peak day system load shapes for the summer months (Attachment 1), based on FPL's system hourly load data AFFIRM provided in Attachment 2 of its Response. The graphs show no marked decline in demand in the hours adjacent to the three-hour summer peak proposed by AFFIRM. The load shapes show a relatively long flat period and that demand surrounding the absolute peak remains high, and therefore do not support AFFIRM's position to narrow the summer on-peak period. With no significant drop in demand outside a narrow three-hour peak, there is no cost basis to narrow the peak.

Staff also notes that narrowing the on-peak period as requested by AFFIRM could result in customers simply shifting load to the "wing" periods creating a new system peak during the "wing" period. The purpose of price signals is to encourage customers to shift usage to less costly periods of use, such as off-peak periods when plant utilization is low, or to reduce demand altogether to reduce the need for additional plant. With a relatively flat load shape over a long period, shifting the peak within that period would not result in any cost savings to the utility.

Staff is unclear on AFFIRM's position with respect to the classification of April. In its June 17, 2010 memorandum, AFFIRM suggests that April should be reclassified as a winter month rather than a summer month. It its Response, AFFIRM appears to treat April as a summer month. However, in its March 7, 2011 summary of concerns, AFFIRM suggests that during the summer month of April all hours should be considered off-peak. As shown in Attachment 1, the April load curve follows the typical summer system load shape, and therefore April is appropriately classified as a summer month.

With respect to the winter months, AFFIRM in its Response suggests different on-peak periods, depending on the month. Staff believes that this will create customer confusion. Staff also notes that AFFIRM's proposal on the winter months does not appear consistent in the various filings. In its June 17, 2010 Memorandum, AFFIRM states that the winter on peak period should be 6 pm to 9 pm for the months of December through February. In its report, FPL provided a table (Attachment 4 to FPL report) illustrating that FPL's winter peak day is characterized by a morning peak and a slightly lower evening peak.

<u>Viability of multi-tier rates</u>. In the Final Order, the Commission approved FPL's plan to install smart meters over a 5-year period. In response to Staff's Data Request, FPL explained that it plans to install smart meters at residential and non-demand metered small commercial customers and that some demand metered commercial customers may have a smart meter installed as part of the Energy Smart Florida Department of Energy grant-funded project. FPL notes that the smart meters provide the data necessary for multi-period TOU rates, however, additional steps such as modifying the billing system are further required to implement multi-period TOU rates.

Staff finds FPL's argument that adding a third time period would be significant in terms of cost and resources required to be unpersuasive. While staff understands that there would be costs and resources associated with modifying the billing system, FPL has made changes to its billing system and incurred costs to implement new rate options it proposed in the past. However, staff also believes that if a new rate offering is to be implemented, it has to be cost justified and well thought-out.

AFFIRM correctly noted that Gulf Power Company (Gulf) offers the optional General Service TOU (GSTOU) rate schedule, which provides for three rating periods for the summer months: on-peak, intermediate, and off-peak. During the winter months, all hours are billed at the same rate. The on-peak period for Gulf's GSTOU rate is 1 pm to 6 pm, which is longer than the 3-hour on-peak period proposed by AFFIRM. The GSTOU rate does not have a distinct demand charge; rather, energy and demand costs are expressed in cents per kWh. Gulf proposed the GSTOU rate as part of its 2001 rate case, stating that many business customers have difficulty in understanding the application of demand (kW) charges and offering the GSTOU rate would be simpler for customers to understand. The GSTOU rate was approved as a stipulated issue.[4]

Current rate options. AFFIRM challenges in its Response the adequacy of FPL's existing rates for medium sized business customers. AFFIRM lists four rates that are available: GSD, GSDT, High Load Factor TOU (HLFT), and SDTR. The optional HLFT and SDTR rates became effective on January 1, 2006, as part of the 2005 FPL rate case.[5] The HLFT rate was designed to attract TOU customers with high load factors, while the SDTR rate provides for a narrower on-peak window than that specified under the standard TOU rates. The on-peak period under the SDTR rate is 3 pm to 6 pm in June through September, which is the same on-peak period AFFIRM proposed in its Response. Those rate options require customers to shift load or change usage habits to benefit from those rates. AFFIRM stated in its Report that many businesses have the capability to modify their loads by shaving a peak or shift consumption backward or forward for an hour or two, but very few businesses have the capability to shift load for a period of five hours, at least without material disruption to the business. Staff does not believe that customers that are unable to materially change their usage patterns are entitled to a special rate just to lower their bills.

AFFIRM also notes in its March 7, 2011 summary of concerns, that it does not believe that FPL's existing rate offerings comply with the Energy Policy Act of 2005. When it enacted the Energy Policy Act of 2005, Congress amended PURPA to add new standards and each state was required to evaluate these standards. One of the new standards was PURPA Standard 14, Time-based Metering and Communications. The Commission initiated an investigation into the status of time-sensitive rates in Florida and found in Order No. PSC-07-0212-PAA-EU that Florida is already in substantial compliance with PURPA Standard 14 and that no further action is necessary.[6]

TOU fuel rates. With respect to AFFIRM's fuel testimony, staff believes that AFFIRM has raised two valid points that may warrant further review by FPL. FPL calculates its TOU fuel factors based on the projected average on- and off-peak fuel costs. Progress Energy Florida, Inc. (PEF), on the other hand, develops TOU fuel factors based on marginal fuel costs during the on- and off-peak periods. While both methodologies are reasonable and have been approved by the

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[4] Order No. PSC-02-0787-FOF-EI, issued June 10, 2002, in Docket No. 010949-EI, In re: Request for rate increase by Gulf Power Company.
[5] Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, In re: Petition for rate increase by Florida Power & Light Company.
[6] Order No. PSC-07-0212-PAA-EU, issued March 7, 2007, Docket No. 070022-EU, In re: Recommendation on Commission action regarding adoption of PURPA Standard 14, "Time-based Metering and Communications."

Commission in the annual fuel proceedings, the resulting TOU factors differ. Using marginal fuel costs to set TOU fuel factors, instead of average embedded costs, increases the on- and off-peak differential, sending a stronger price signal. Staff believes that FPL should further investigate whether fuel TOU factors based on marginal costs would benefit customers and provide system benefits and report back their findings in testimony filed, the 2011 fuel proceeding.

Staff also agrees with Witness Klepper's data presented in his fuel testimony that marginal fuel costs are higher during the summer than during the winter on-peak periods. By way of background, Tampa Electric Company (TECO) filed a petition for approval of a pilot program to implement seasonal fuel factors in Docket No. 000013-EI.[7] TECO proposed to restrict the pilot to customers on the interruptible IS rate, because TECO believed that IS customers are expected to be the most likely to be capable of shifting load between seasons. IS customers typically are large industrial customers. TECO subsequently withdrew its request for seasonal fuel factors.[8] It does not appear that AFFIRM customers would be able to shift load from the summer to the winter months, so staff is not clear how AFFIRM customers would benefit from seasonal fuel factors. However, in its response to staff's data request, FPL stated that it is willing to investigate summer and winter differentiation for fuel prices.

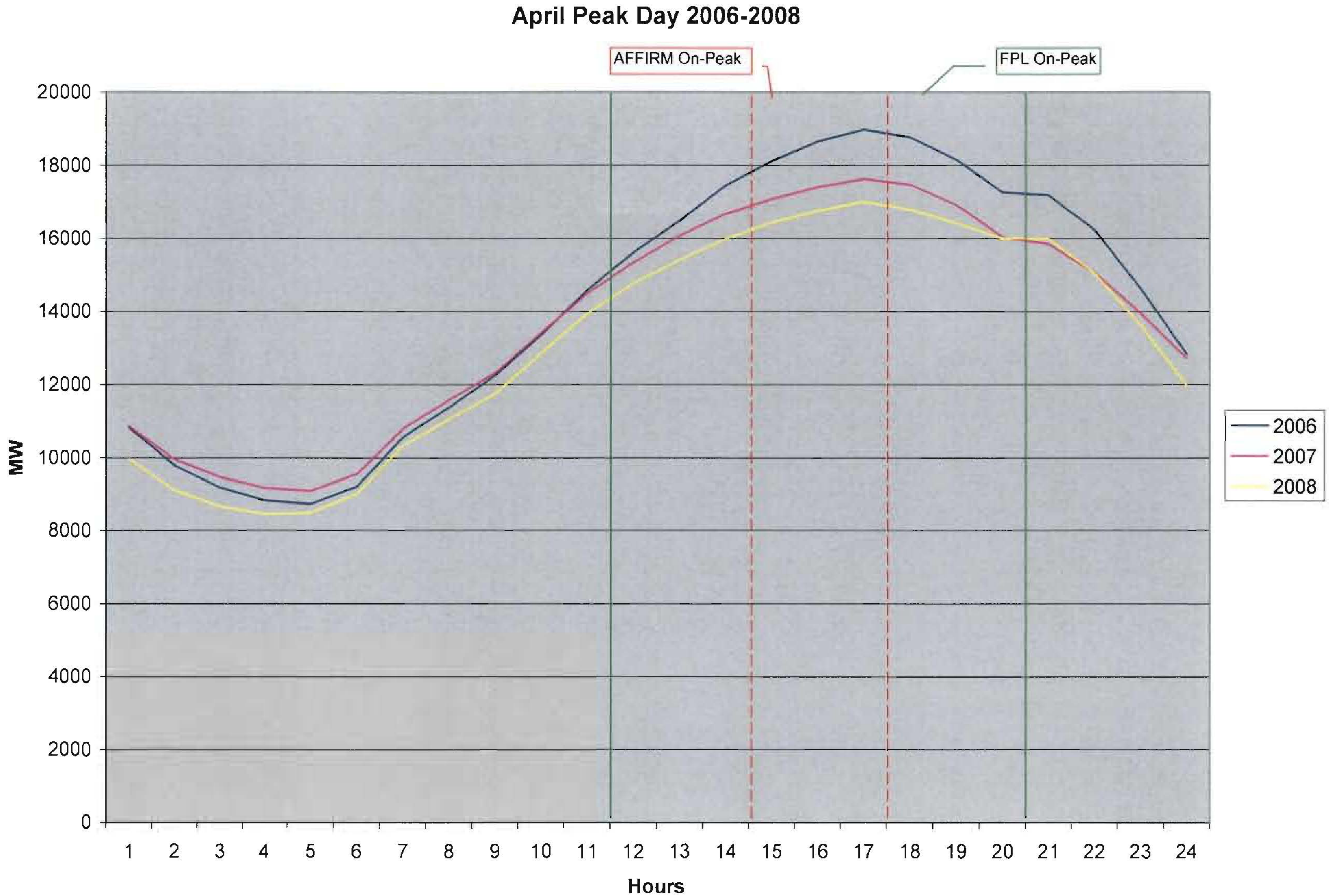
Conclusion. Based on the above, staff recommends that the Commission find that there is not enough evidence at this time that would support a new TOU rate for commercial customers. However, FPL should further investigate whether fuel TOU factors based on marginal costs and/or summer and winter differentiation would benefit customers and provide system benefits and report back in testimony filed in the 2011 fuel proceeding.

[7] In re: Petition of Tampa Electric Company for approval of pilot program to implement seasonal fuel factors.
[8] Document No. 14635, filed on November 14, 2000, in Docket No. 000001-EI.

Issue 2: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the PAA files a protest within 21 days of the issuance of the order, a consummating order will be issued. Once this action is complete, this docket should be closed. (Crawford)

Staff Analysis: If no person whose substantial interests are affected by the PAA files a protest within 21 days of the issuance of the order, a consummating order will be issued. Once this action is complete, this docket should be closed.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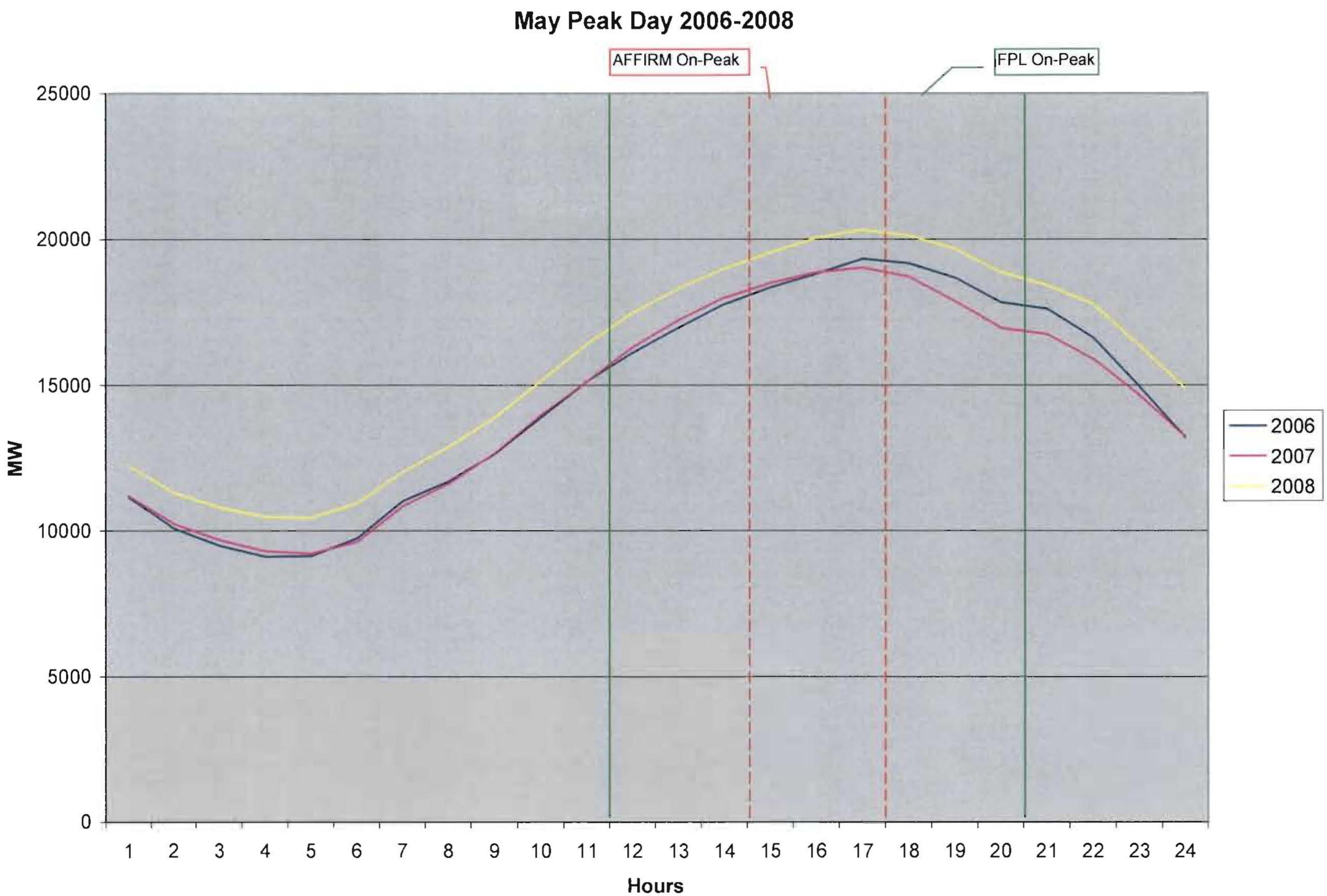
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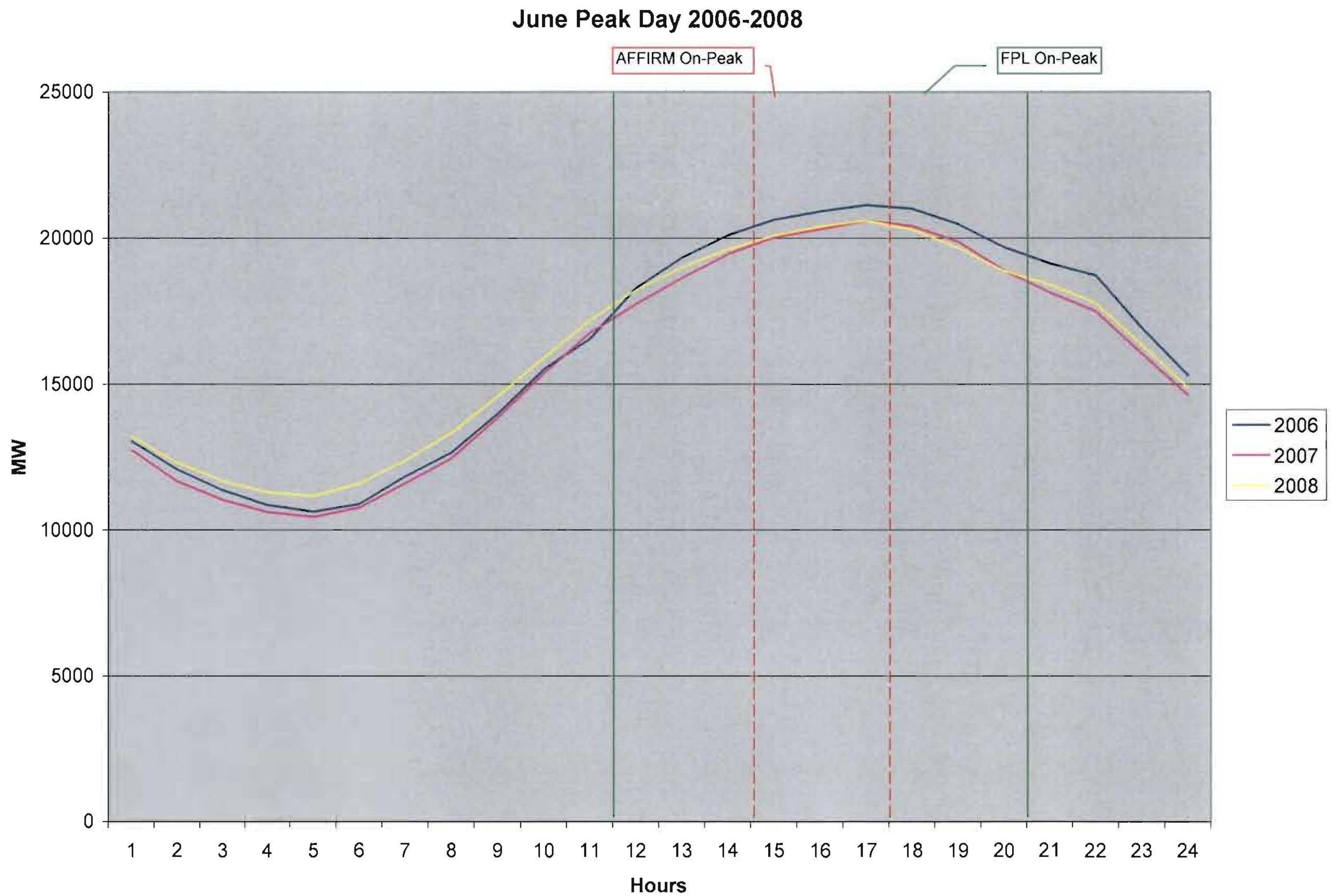
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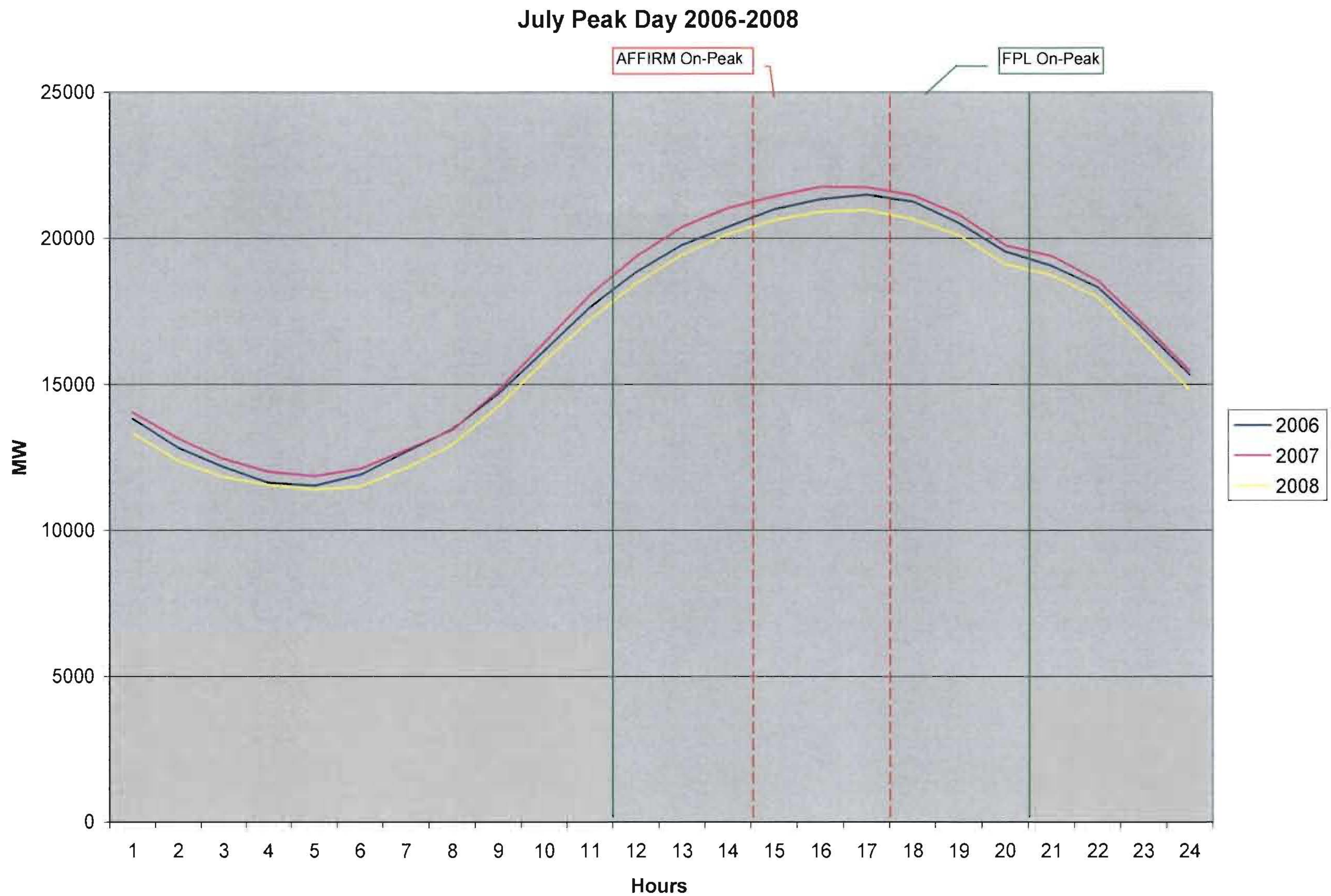
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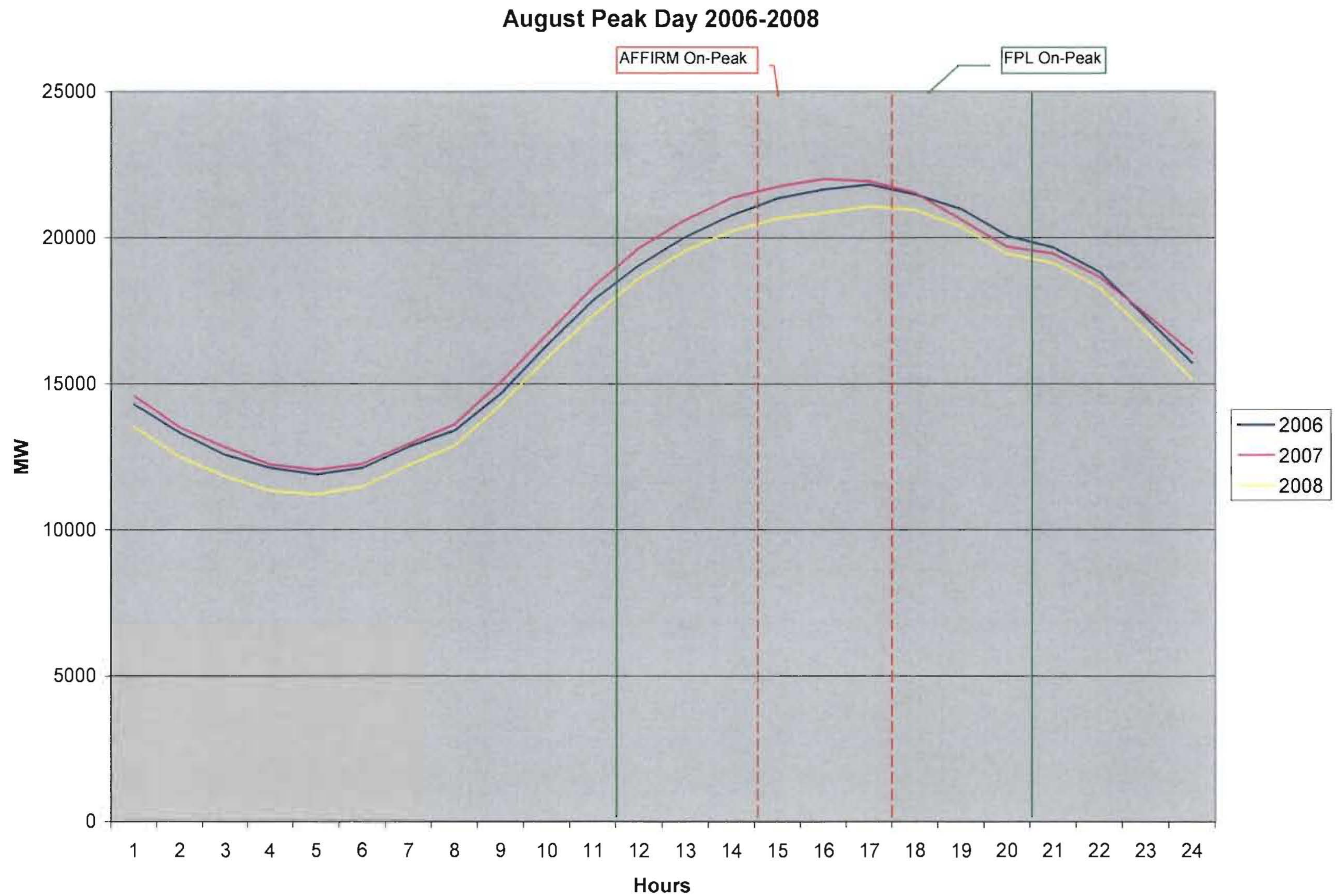
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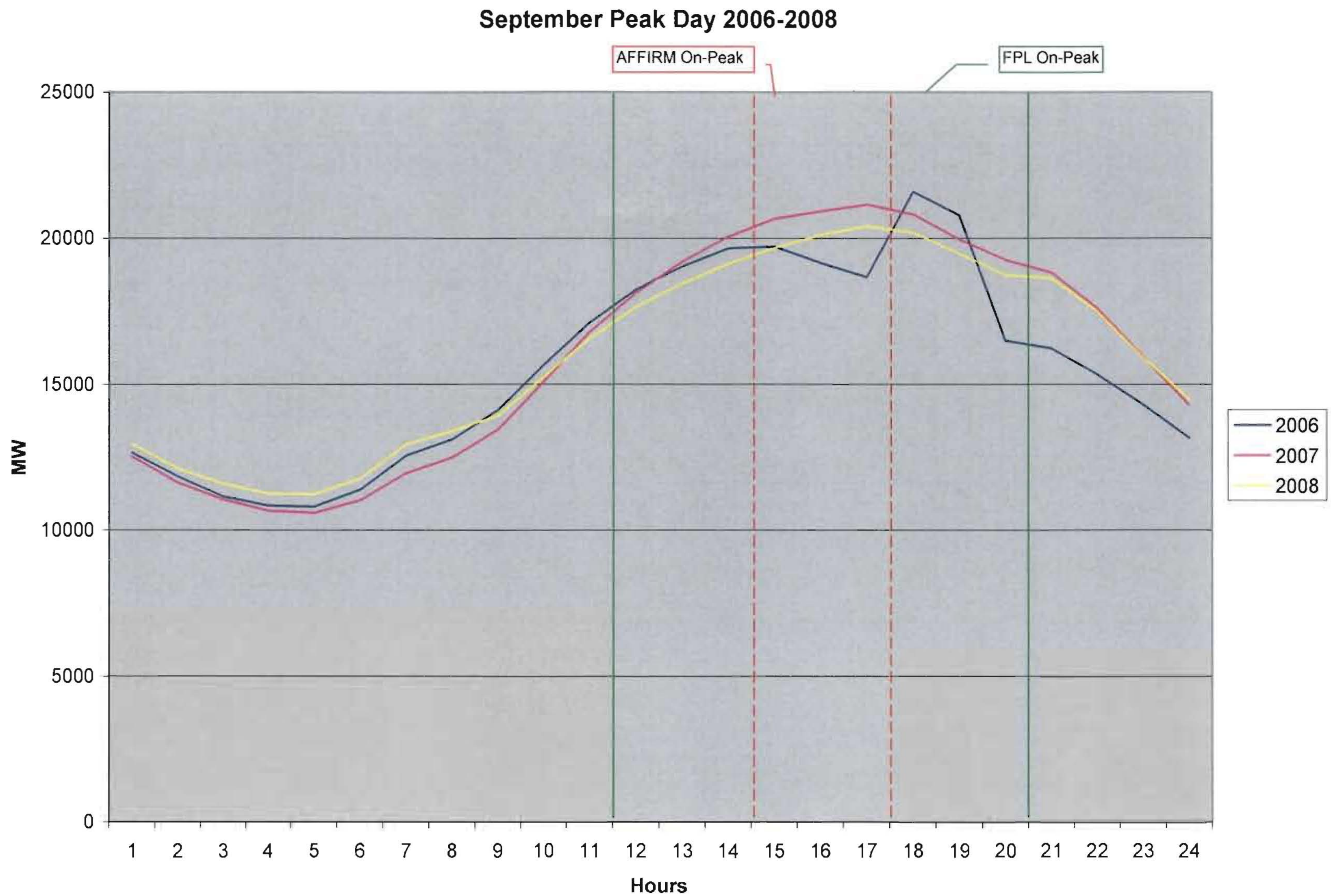
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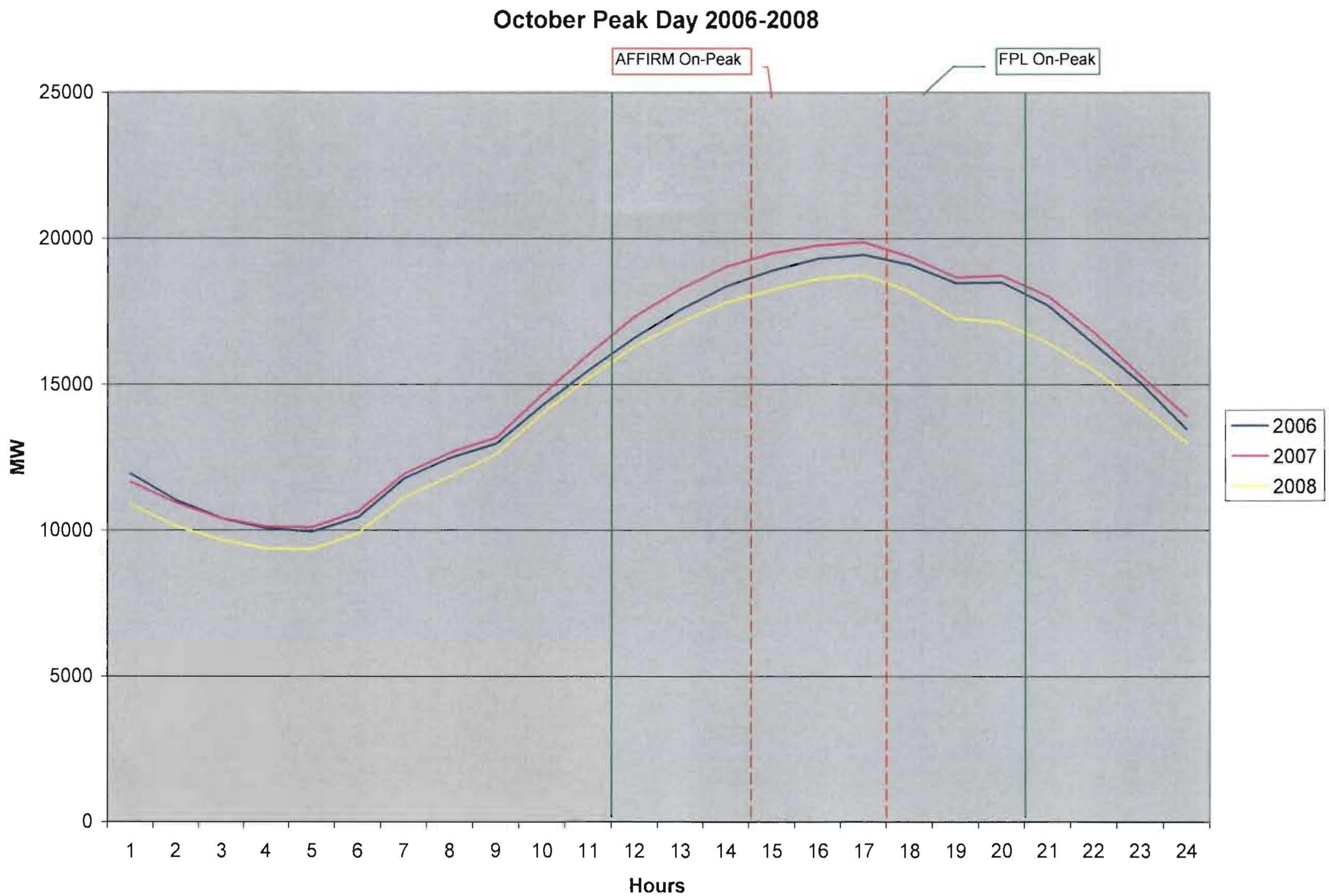
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Hours
2006
2007
2008


October Peak Day 2006-2008
AFFIRM On-Peak
FPL On-Peak
25000
20000
15000
10000
5000
0
MW
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Hours
2006
2007
2008