

State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION  
CLERK

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

**DATE:** May 12, 2011

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Draper)  
Office of the General Counsel (Klancke)

*Handwritten notes:* FLD, JSC, CASE, and a circled 'W' with arrows pointing to the 'FROM' field.

**RE:** Docket No. 110097-EI – Petition by Gulf Power Company to approve revisions to tariff sheet Nos. 6.75, 6.76, and 6.77, Rate Schedule RSVP - Residential Service Variable Pricing.

**AGENDA:** 05/24/11 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 06/06/11 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\110097.RCM.DOC

### Case Background

On April 7, 2011, Gulf Power Company (Gulf) filed a petition for approval of modifications to its Residential Service Variable Pricing Limited Availability Rate (RSVP). The RSVP rate is an optional rate that allows residential customers to respond to price signals.

The Commission has jurisdiction pursuant to Section 366.05, Florida Statutes.

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### Discussion of Issues

**Issue 1:** Should the Commission approve Gulf's petition to modify the RSVP rate and associated tariff sheets to facilitate the implementation of EnergySelect® LITE?

**Recommendation:** Yes. (Draper)

**Staff Analysis:** Gulf currently offers a demand-side management program (DSM) called EnergySelect® (Energy Select) to its residential customers. Energy Select consists of two main elements: (1) a price-responsive thermostat in the customer's home that allows the customer to control their central heating and cooling unit, electric water heater, and pool pump; and (2) an RSVP rate that provides four different prices based upon the time of day, day of week, and season. Energy Select and the associated RSVP rate is designed to allow residential customers to save on their electric bill. Gulf states that currently approximately 8,000 customers participate in Energy Select.

To initiate service under Energy Select, the customer must allow Gulf to install energy management equipment at their residence. The installed equipment allows the customer to monitor four pricing periods, P1 through P4, and to adjust the energy usage of major appliances to avoid the higher cost pricing periods. The cents per kilowatt hour (kwh) energy charge is lowest during the P1 period and highest during the P4 period. The P1 and P2 prices are lower than the standard residential energy charge, while the P3 and P4 prices are higher. The RSVP tariff establishes the P1, P2, and P3 pricing periods. The P4 pricing period is determined by Gulf and customers are notified by electronic signal of the start of the P4 pricing period. The P4 pricing period occurs when demand on Gulf's system is very high, which typically happens on a hot summer afternoon or cold winter morning. Gulf currently communicates the critical price signal via the customer's home phone line to the thermostat. The Commission approved Gulf's RSVP rate in Order No. PSC-98-1367-FOF-EG.<sup>1</sup>

The Commission recently approved a new program titled EnergySelect® LITE (Energy Select LITE) as part of Gulf's DSM plan.<sup>2</sup> Energy Select LITE differs from Energy Select in two respects: (1) Energy Select LITE does not require landline telephone service for communication between Gulf and the thermostat; and (2) Energy Select LITE allows customers only to control their central heating and cooling system. Participants under Energy Select LITE must have internet connectivity.

As proposed by Gulf, customers participating in Gulf's EnergySelect LITE program will be billed under the RSVP rate schedule. In order to facilitate the billing of Energy Select and Energy Select LITE participants under the RSVP rate, Gulf proposed certain modification to the RSVP rate schedule, which are discussed below.

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<sup>1</sup> Order No. PSC-98-1367-FOF-EG, issued October 12, 1998, Docket No. 971462-EG, In re: Petition by Gulf Power Company for approval of Rate Schedule Resident Service Variable Pricing (RSVP) and associated customer agreement.

<sup>2</sup> Order No. PSC-11-0114-PAA-EG, issued February 11, 2011, Docket No. 100154-EG, In re: Petition for approval of demand-side management plan of Gulf Power Company.

The first modification removes the section describing the equipment requirements from the RSVP tariff. The equipment requirements are different for the Energy Select and Energy Select LITE programs, and they have been addressed in the DSM program participation standards Gulf filed in Docket No. 100154-EG.

Second, Gulf proposed to eliminate the \$4.95 monthly customer participation charge that is currently contained in the RSVP tariff. This charge is intended to capture the cost of the energy management equipment installed at participating customers' homes. Gulf explained that elimination of the participation charge will increase the availability of both Energy Select and Energy Select LITE to low-income customers and others whose bill savings do not outweigh the charge. Gulf further explained that the Energy Select LITE program requires less equipment than Energy Select at the customer's home, negating the need for a participation charge for Energy Select LITE participants. Removal of the charge for both programs will also help prevent potential migration of customers away from Energy Select. Currently, revenues from the participation charge are credited towards the program expenses that are reviewed annually in the Commission's Energy Conservation Cost Recovery proceeding.

Finally, Gulf proposed to eliminate the \$179 reinstallation charge. The RSVP tariff currently contains language, specifying that if a customer requests service at the same residence under the RSVP rate after returning to the standard residential rate, the customer will be billed \$179 for reinstallation costs of the energy management equipment. Under Gulf's current RSVP tariff, the initial energy management equipment is installed at no charge. The reinstallation charge is intended to recover reinstallation costs and prevent customers from gaming the system. Elimination of the reinstallation charge will allow former Energy Select customers, who had to leave the program when they disconnected their landline, from participating in the Energy Select LITE program without having to pay the reinstallation charge.

Conclusion. Staff has reviewed Gulf's proposed modifications to its RSVP tariff and believes they are reasonable and should therefore be approved.

Docket No. 110097-EI

Date: May 12, 2011

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If Issue 1 is approved, the tariffs should become effective on May 24, 2011. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Klancke)

**Staff Analysis:** If Issue 1 is approved, the tariffs should become effective on May 24, 2011. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.