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June 21, 2012

claim of confidentiality
 notice of intent
 request for confidentiality
 filed by OPC

For DN 04152-12, which
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Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED -FPSC
12 JUN 22 AM 11:02
COMMISSION
CLERK

RE: Undocketed

Dear Ms. Cole:

Enclosed are an original and seven copies of Gulf Power Company's Request for Confidential Classification pertaining to portions of the Commission's Review of Investor -Owned Utilities' Payment Arrangement Programs. Also included is a DVD of Gulf's Request for Confidential Classification and Exhibit C in Microsoft Word format.

Sincerely,

Terry A. Davis
wb

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esq

CTW _____
REJ _____
ASD 1+cd _____
TCL _____
LAD _____
ART _____
ADM _____
GPC _____
CLR _____

COMMUNICATIONS DATA
04151 JUN 22 02
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Review of Investor-Owned Utilities'
Payment Arrangement Programs

Docket No.: Undocketed
Date: June 22, 2012

REQUEST FOR CONFIDENTIAL CLASSIFICATION

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorneys and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files a request that the Florida Public Service Commission enter an order protecting from public disclosure certain information contained in Commission Staff's draft report concerning the investor-owned utilities' payment arrangement programs. As grounds for this request, the Company states:

1. On November 17, 2011, Commission Staff initiated its review of the investor-owned utilities' payment arrangement programs (the "Review"). On June 5, 2012, Commission Staff circulated its draft report concerning the Review to Gulf Power. A portion of the information contained in the draft report constitutes "proprietary confidential business information" as defined by section 366.093(3), Florida Statutes.

2. Specifically, Staff's draft report details Gulf's internal policies and procedures concerning late payment arrangements. Among other things, these procedures outline the maximum timeframes for which payments may be extended and the criteria which the Company will use in determining whether late payment arrangements will be made. While Gulf continually works in good faith with all of its customers who are experiencing difficulties paying their bills, the Company must also work to ensure that its payment arrangement process is not abused. Public disclosure of the criteria used in determining whether customers qualify for late payment arrangements and the maximum periods of time for which payments may be extended

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FPSC-COMMISSION CLERK

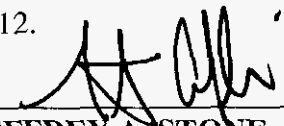
would enable customers to abuse or "game" the system, resulting in unnecessary delays in bill payment and increased delinquencies and write-offs. Delinquencies and write-offs adversely affect the financial integrity of the Company and ultimately work to the detriment of Gulf's general body of customers. Consequently, the subject information is entitled to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

3. The information filed pursuant to this Request is intended to be, and is treated as, confidential by Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

4. Submitted as Exhibit "A" are copies of the subject documents. The information for which confidential classification is requested is highlighted in yellow. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the subject documents, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 21st day of June, 2012.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Review Investor-Owned Utilities'
Payment Arrangement Programs

Docket No.: Undocketed
Date: June 22, 2012

REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "A"

Provided to the Commission Clerk under separate cover as confidential information.

EXHIBIT "B"

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COM _____
APA _____
ECP _____
UCL _____
NAD _____
SRC _____
ADM _____
OPC _____
CLK _____

DOCUMENT NUMBER: 04151 JUN 22 2011
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REDACTED

3.0 GULF POWER COMPANY

3.1 COMPLAINTS AND INQUIRIES REGARDING PAYMENT ARRANGEMENTS

Calls by Gulf customers to the FPSC related to billing issues have trended up through 2009, then dropped in 2010 and 2011. The numbers of contacts to the FPSC related to billing which were warm transfers or resulted in complaints over a five-year period of 2007 through 2011 for Gulf is shown in Exhibit 13. Specifically, in 2007, the FPSC received 146 billing inquiries or complaints for Gulf. In 2008 and 2009, the number increased from 287 to 489. Since 2009, the number of billing inquiries or complaints has decreased to 482 in 2010 and to 359 in 2011. This decrease in billing-related issues may be correlated to some recovery in the economy.

GULF POWER COMPANY FPSC WARM TRANSFER / COMPLAINT ACTIVITY 2007 - 2011				
Year	Billing Warm Transfers	Complaints	Billing Inquiries / Complaints	Warm Transfers in 2009
2007	129	17	146	102
2008	270	17	287	229
2009	480	29	489	387
2010	435	47	482	379
2011	341	18	359	303

EXHIBIT 13

Source: FPSC Complaint Database

FPSC warm transfer records reflect that, on average, 86 percent of these billing-related contacts which are warm transferred back to Gulf have called specifically regarding payment arrangements. Over the five-year period 2007 through 2011, Gulf received 1,635 billing-related contacts which were warm transferred, 1,400 of those calls were preliminarily categorized as related to payment arrangements. The trend in payment arrangement warm transfers follows that of the total billing transfers and complaints with a peak in 2009 of 387, followed by a downward trend to 379 in 2010 and to 303 in 2011.

3.2 PAYMENT ARRANGEMENT MONITORING AND INTERNAL CONTROLS

3.2.1 TRENDS IN PAYMENT ARRANGEMENTS

Gulf offers two types of payment arrangements to customers who are having difficulty paying their bills, if the customer meets certain criteria. Collection Arrangements can be extended up to 12 weeks from the date the arrangement is made. Special Agreements allow

¹⁵ The term "warm transferred" refers to a situation where a customer calls the FPSC Call Center and after discussing and documenting the billing complaint details, the FPSC analyst transfers (or "warm transfers") the call to Gulf for further assistance.
¹⁶ A subset of the number of billing warm transfers which may include both payment arrangement complaints and inquiries.

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1. residential, commercial or industrial accounts a long-term payment arrangement up to a month extension. Monthly *Collection Related Statistics Summary* reports are used to monitor payment arrangements. These reports include the number of requests granted or denied.

The numbers of payment arrangements granted or denied for 2007 through 2011 are shown in Exhibit 14. Gulf experienced its highest requests for payment arrangements in 2011, a peak of 139,297. The number of payment extensions established has trended upward over the past five years, while the number of those denied over the last three years has trended downward: In January, 2010, in response to the economic hardship experienced by many of its customers, Gulf relaxed its parameters and/or criteria for payment arrangements, field collections, billed deposits, non-payment reconnection, budget billing and special agreements. By closely monitoring collections activity, the company has been able to manage a successful balance between more lenient payment and billing options offered to customers and the integrity of the company's collection performance. As a result, customers are provided a better opportunity to continue service and the company is able to adjust its collections practices to respond to external factors such as the economy, extreme weather and other community impacts.

GULF POWER COMPANY PAYMENT ARRANGEMENTS REQUESTED 2007 - 2011					
	2007	2008	2009	2010	2011
Established	85,841	93,923	112,855	124,352	139,297
Denied	32,354	38,313	38,788	30,851	29,169
Total Requested	118,195	132,236	151,643	155,203	168,466

EXHIBIT 14

Source: Gulf Response Document Request 1.17, 1.20, 1.21 and 3.1

The numbers of payment arrangements completed or defaulted for the years 2007 to 2011 are shown in Exhibit 15. The highest numbers of payment arrangements completed and defaulted both occurred in 2011 at 85,375 and 38,895, respectively.

GULF POWER COMPANY PAYMENT ARRANGEMENT DISPOSITION 2007 - 2011					
	2007	2008	2009	2010	2011
Completed	53,080	59,098	69,898	77,131	85,375
Defaulted	28,828	29,342	32,809	34,828	38,895
Total Disposed	81,908	88,440	102,707	111,959	124,270

EXHIBIT 15

Source: Gulf Response Document Request 1.17, 1.20 and 1.21

3.2.2 BENCHMARKING STUDIES AND INTERNAL AUDITS

In February 2009, Southern Company (Gulf's parent company) conducted an internal audit of its four subsidiary utilities titled *CSS Analysis of Arrears and Collections*. This audit was a review of the reliability of Customer Service System (CSS) reports related to arrears and collection, and the calculation of the accumulated provision for uncollectible accounts. The summary of the audit states that based on the results of audit tests performed, the information technology application and general controls and the financial controls are operating effectively to provide reasonable assurance that the CSS data and reports have reliability and integrity. The audit noted that the operating companies use different methodologies for calculating the accumulated provision, and that each method was consistent with generally accepted

through Gulf Power's website. Of the total number of website transactions, payment arrangements represent approximately seven percent.

The Customer Service Center audio records all incoming calls. Georgia Power Company (also a Southern Company subsidiary) monitoring group monitors the performance of Gulf CSRs under a cost-sharing program. This group conducts four audio-recorded monitoring sessions per month for each CSR. In addition, Gulf monitors the calls of newer employees to identify potential gaps in training, handling, and customer service. The CSC supervisors monitor the CSRs for quality assurance purposes at a frequency of at least one hour per CSR per month for performance management.

3.3.3 PAYMENT ARRANGEMENTS POLICIES AND PROCEDURES

To assist Customer Service Representatives with responding to customer inquiries, policies, procedures, and processes are documented in job aids and are maintained on the company intranet site. According to Gulf, its *Customer Service Standards* were developed to ensure consistency in delivering service to customers.

Gulf Power maintains a policy and procedure titled *Payment Arrangements/Special Agreements* within its *Customer Service Standards*. This policy and procedure identifies two types of payment arrangements: (1) short-term Collection Arrangements, and (2) long-term Special Agreements.

COLLECTION ARRANGEMENTS

A Collection Arrangement is the short-term rescheduling of payments into single or multiple installments. A Collection Arrangement can extend payment up to [redacted] weeks [redacted] days) from the date the arrangement is made. These agreements are made for existing billed amounts; they do not cover future billings.

Customers may make Collection Arrangements with Gulf Power through the Interactive Voice Response Unit (IVRU) system, the company website, or they may work directly with a Customer Service Representative (CSR).

The accounts of Gulf Power customers who fail to pay according to their Collection Arrangements will be placed back in collections, negatively impacting their credit ratings with Gulf Power. A Collection Arrangement or payment automatically voids a Cut-Out (disconnect) Order, unless it has already been dispatched. If dispatched or completed, the Customer Service System (CSS) automatically issues a Cut-In (reconnect) Order, if the arrangement/payment is for the total amount due.

The *Payment Arrangements/Special Agreements* policy and procedure identifies bill extension guidelines. Collection Arrangements cannot be made by a representative prior to the bill due date. Doing this would cause system problems with printing the total amount due on the collection notice. Additionally, Gulf Power states that representatives should not allow a hold past the disconnect date if the account meets four out of the six criteria listed below:

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[Large redacted area]

Representatives will make the Collection Arrangement on the past due (overdue) amount only, even if the customer states they will make payment of the full outstanding amount. If the customer does not keep the arrangement, the default disconnect notice will be for the full past due amount.

SPECIAL AGREEMENTS

1. A Special Agreement is a long-term payment option (up to 12 months) for customers and is reserved for the following special circumstances:

- ◆ Billing adjustment due to an error made by Gulf Power
- ◆ Meter constant error
- ◆ Malfunctioned meter
- ◆ Switched/crossed meters
- ◆ Rate correction
- ◆ Disputed amounts

Multiple Special Agreements may exist for one account. The amount of the Special Agreement is removed from accounts receivable and re-billed to the customer in monthly installments on their regular bill. If the customer fails to pay the agreement, only the agreed upon installment amount that is overdue, along with any other overdue amounts, will enter into collections. Special Agreements can only be made on "eligible" businesses. An eligible business includes receivables whose charges are generated from kWh usage, are previously transferred service and kWh based charges, or reinstated kWh based charges. If a customer does not make the payments for a Special Agreement, the balance of the agreement will appear on the next bill issued by Gulf Power.

3.3.4 COLLECTION POLICIES AND PROCEDURES

Gulf Power maintains a policy and procedure titled *Collection Parameters* within its *Customer Service Standards*. This procedure determines whether an account becomes eligible for collection, and contains a timeline starting from the meter being read, to a disconnect notice generated, to the account appearing on the collection list. This policy and procedure also outlines how a customer's credit rating is calculated by Gulf Power.

A bill is generated for each customer on a monthly basis. Customers are given 21 days to make their payments. If the payment is not made within 21 calendar days, bill collection activity is initiated. A disconnect notice is generated and mailed 10 work days after the due date, if the payment has not been received. Outbound telephone collection calls are made three workdays after the disconnect notices have been mailed.

OUTBOUND TELEPHONE COLLECTIONS

To help customers avoid disconnection for non-payment, the company began supplementing the disconnect notice with an outbound call to remind customers of the impending disconnect. Gulf believes that the expertise, technological capability and capacity of outside vendors were all necessary elements considered in the decision to use a third-party company for outbound telephone collections. The third-party company selected for performing outbound telephone collections calls on Gulf's behalf is Televox Software Inc. Gulf's perception is that there are economies of scale in using a third-party service with experience in delivering out-bound call solutions. Benefits include ease of implementation, responsiveness to call demand, and the ability to make modifications quickly. Gulf stated that reconciliation of customer collection activity files is performed daily to ensure the third-party company meets

EXHIBIT "C"

Line-by-Line/Field-by-Field Justification

Line(s)/Field(s)

Staff's Draft Report

Page 18, line 1

Page 19, line 1

Page 22, lines 1-7

Page 23, line 1

Justification

This information is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 2.