FILED MAR 27, 2014
DOCUMENT NO. 01331-14
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

COMMISSION CLERK
14 MAR 27 AM 9:01
RECEIVED-FPSC

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

DATE: March 27, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Rome) CAR ESD PD JWD CRB ALM
Division of Accounting & Finance (Fletcher) BJ
Office of the General Counsel (Young) KY

RE: Docket No. 140048-EI – Reporting Requirements for electric investor-owned utilities with Commercial/Industrial Service Rider (CISR) tariffs.

AGENDA: 04/10/14 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Through the use of Commercial/Industrial Service Rider (CISR) tariffs, Florida investor-owned electric utilities are allowed the flexibility to negotiate pricing arrangements, within the parameters specified in the tariff, with commercial/industrial customers who are at risk of leaving a company's service territory for more competitive options outside of Florida, to become customers of other energy providers, or who may require competitive incentives to bring new load into Florida. The Commission has approved CISR tariffs for Gulf Power Company (Gulf), Tampa Electric Company (TECO), Duke Energy Florida, Inc. (DEF), and Florida Power & Light Company (FPL).[1]

[1] Gulf Power Company's tariff was approved as a pilot in 1996 and made permanent in 2001. Order No. PSC-96-1219-FOF-EI, issued September 24, 1996, in Docket No. 960789-EI, In re: Petition for authority to implement

Staff believes there is an opportunity to streamline CISR tariff reporting requirements and achieve greater consistency among investor-owned electric utilities while continuing to provide the appropriate oversight to ensure the general body of ratepayers is not harmed by the negotiated contracts. The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

---

proposed commercial/industrial service rider on pilot/experimental basis by Gulf Power Company and Order No. PSC-01-0390-TRF-EI, issued February 15, 2001, in Docket No. 001217-EI, In re: Petition for authority to modify Commercial/Industrial Service Rider Pilot Study by Gulf Power Company. Tampa Electric Company's CISR tariff was approved as a pilot in 1998. TECO did not seek to make its tariff permanent after the 48-month pilot expired; however, the Stipulation and Settlement filed by TECO and other parties in Docket No. 130040-EI includes a new CISR. Order No. PSC-13-0443-FOF-EI, issued September 30, 2013, in Docket No. 130040-EI, In re: Petition for rate increase by Tampa Electric Company. Florida Power Corporation's (now Duke Energy Florida, Inc.) tariff was approved as a pilot in 2001 and made permanent in 2005. Order No. PSC-01-1789-TRF-EI, issued September 4, 2001, in Docket No. 010876-EI, In re: Petition for approval of a new pilot Commercial/Industrial Service Rider to replace existing Economic Development Rider by Florida Power Corporation and Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, In re: Petition for rate increase by Progress Energy Florida, Inc. Florida Power & Light's tariff was approved in Order No. PSC-14-0110-TRF-EI, issued February 24, 2014, in Docket No. 130286-EI, In re: Petition for approval of new commercial/industrial service rider by Florida Power & Light Company.

Discussion of Issues

Issue 1: Should CISR tariff reporting requirements be modified for purposes of streamlining and to achieve greater consistency among Florida's investor-owned electric utilities?

Recommendation: Yes. Annually, in conjunction with the submission of December Earnings Surveillance Reports, companies with CISR tariff customers should report the total difference for all executed Contract Service Arrangements (CSAs) between the calendar year revenues that would have been received under the otherwise applicable tariff rate(s) and the CISR rate. (Rome)

Staff Analysis: The Commission-approved CISR tariffs are similarly structured. For example, each contains limitations with regard to minimum customer size, the number of CSAs that can be executed, and the amount of system load available to CISR tariff customers. These limitations help to ensure that the CISR is targeted to the size of customer that has the ability and motivation to base its location decisions in substantial measure on electricity costs and also avoid the potential for the CISR to become over-subscribed. Each CISR tariff also contains language that prohibits the company from using the CISR tariff to attract existing load currently served by another Florida electric utility to its service territory.

However, there are variations among the four utilities with CISR tariffs regarding the nature and frequency of reporting requirements relative to active CISR customers. The Commission orders authorizing the respective tariffs were issued at different points in time in different proceedings and they impose different reporting requirements on respective utilities. Gulf is currently required to file quarterly CISR activity reports as well as supplemental CISR information in conjunction with its monthly Earnings Surveillance Reports. Certain customer-specific information contained in Gulf's reports typically has been filed requesting confidential classification. FPL is required to file supplemental CISR information in conjunction with its monthly Earnings Surveillance Reports. The current CISR tariffs for DEF and TECO were approved as part of settlement agreements and are silent regarding specific reporting requirements.

While the CISR tariff allows the utility to enter into negotiated contracts without Commission approval for each contract, staff notes that the Commission has the authority pursuant to Section 366.06(2), F.S., to initiate a review at any time as to whether a CSA between a utility and a CISR customer is prudent. In the event that the Commission chose to initiate such a review, the utility would have the burden of proof that its decision to enter into a particular CSA was in the best interest of its general body of customers.

Staff does not have a need to receive monthly or quarterly CISR filings. Thus, there is an opportunity to streamline CISR tariff reporting requirements and achieve greater consistency among investor-owned electric utilities while continuing to provide the appropriate oversight of CISR contracts. Staff recommends that annually, in conjunction with the submission of December Earnings Surveillance Reports, companies with CISR tariff customers should report the total difference for all executed CSAs between the calendar year revenues (excluding tax and franchise fees) that would have been received under the otherwise applicable tariff rate(s) and the CISR rate. The first submission of the CISR information under the new reporting format would be due with the December 2014 Earnings Surveillance Report. This would apply to utilities with existing CISR customers and prospective CISR customers.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, utilities with CISR tariff customers should file the required information annually beginning with the December 2014 Earnings Surveillance Report. If a protest is filed within 21 days of the issuance of the order, utilities with CISR tariff customers should continue to follow their current reporting procedures, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Young)

Staff Analysis: If Issue 1 is approved, utilities with CISR tariff customers should file the required information annually beginning with the December 2014 Earnings Surveillance Report. If a protest is filed within 21 days of the issuance of the order, utilities with CISR tariff customers should continue to follow their current reporting procedures, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.