

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Thursday, June 18, 2015
Immediately Following Commission Conference
Room 105 – Gunter Building

1. Briefing on Proposed Implementation Plan for CS/HB 7109. Direction is sought. (Attachment 1).
2. Rates Schedules and Billing Review of Commercial Accounts. Background Informational Purposes Only. (Attachment 2).
3. Executive Director's Report.
4. Other Matters.

BB/sc

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

State of Florida



Public Service Commission

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

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

DATE: June 9, 2015
TO: Braulio L. Baez, Executive Director
FROM: Walter Clemence, Public Utility Analyst II, Office of Industry Development and Market Analysis *W.C.*
Jennifer S. Crawford, Attorney Supervisor, Office of the General Counsel *J.S.C.*
Samantha M. Cibula, Attorney Supervisor, Office of the General Counsel *S.M.C.*
RE: Briefing on Proposed Implementation Plan for CS/HB 7109

CRITICAL INFORMATION: Please place on the June 18, 2015 Internal Affairs. Direction from the Commission is sought.

The 2015 Florida Legislature passed Committee Substitute for House Bill 7109 (CS/HB 7109), amending Sections 350.01, 350.031, 350.041, 350.042, 366.05, and 366.52, Florida Statutes (F.S.). The bill also creates Section 366.95, F.S. The bill will become law on July 1, 2015. The bill was presented to the Governor on May 27, 2015.

This memorandum provides a summary of the provisions of the bill that require Commission implementation. Staff seeks approval from the Commission on the proposed implementation plan.

cc: Charlie Beck, General Counsel
Lisa Harvey, Deputy Executive Director, Technical
April Lynn, Deputy Executive Director, Administrative

Florida Public Service Commission
Proposed Implementation Plan for CS/HB 7109
June 9, 2015

A. Billing Cycle Changes

Summary: The bill creates Section 366.05(1)(b), Florida Statutes (F.S.), to require that an electric or gas investor-owned utility authorized to provide tiered rates may not charge a customer a higher rate due to increased usage attributable to an extension of the billing period. If a bill reading period is advanced or postponed by more than five days, the bill requires billing to be prorated.

Implementation: Revise Rules 25-6.100 and 25-7.085, Florida Administrative Code (F.A.C.), to remove duplicative provisions that are no longer needed due to their inclusion in statute and make additional modifications to implement the intent of the statute.

B. Deposit Language

Summary: The bill creates Section 366.05(1)(c), F.S., to require that for an existing electric or gas investor-owned customer account, a deposit may not exceed two months average actual charges. It further requires that for a customer who has had service for less than 12 months, a deposit shall be determined by averaging his charges for months served and multiplying by two. Finally, the new language requires that for new customers a deposit may not exceed two months of projected charges; once in service for 12 months, the deposit shall be recalculated based on actual data.

Implementation: Amend Rules 25-6.097 and 25-7.083, F.A.C., to remove duplicative provisions that are no longer needed due to their inclusion in statute.

C. Rate Information for Customers

Summary: The bill creates Section 366.05(1)(d), F.S., to require electric or gas investor-owned utilities with more than one rate for a customer class to notify each customer of the available rates and how they would be applied. The bill requires that if a customer contacts the utility and seeks assistance in selecting the most advantageous rate, the utility must provide good faith assistance to the customer.

Implementation: Amend Rules 25-6.093 and 25-7.079, F.A.C., to remove duplicative provisions that are no longer needed due to their inclusion in statute.

Florida Public Service Commission
Proposed Implementation Plan for CS/HB 7109
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D. Nuclear Asset Retirement or Abandonment

Summary: The bill creates Section 366.95, F.S., to provide a financing mechanism by which an investor-owned electric utility, subject to the terms of a Commission order approving the use of such mechanism, may recover certain costs associated with the premature retirement or abandonment of a nuclear power plant. The Commission may approve such a mechanism if it finds that the utility's use of the financing mechanism will avoid or significantly mitigate rate impacts to customers as compared with traditional methods for recovery for such costs.

Implementation: Request for Proposal (RFP) – The Commission staff issued an RFP on May 18, 2015, seeking to retain a consultant to assist with the evaluation of any petitions filed pursuant to section 366.95, F.S. The proposals are due on June 8, 2015, and staff plans to select a consultant within 60 days of submissions.

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: June 5, 2015
TO: Braulio L. Baez, Executive Director
FROM: Elisabeth J. Draper, Economic Supervisor, Division of Economics
James W. Dean, Director, Division of Economics
RE: Rates Schedules and Billing Review of Commercial Accounts

ESD

J.W.D.

CRITICAL INFORMATION: Please place on the June 18, 2015 Internal Affairs.
For background informational purposes. Staff will not make a presentation.

Staff has prepared this summary of investor owned electric utilities procedures for assigning commercial and industrial customers to rate classes.

cc: Charlie Beck, General Counsel
Lisa Harvey, Deputy Executive Director, Technical
April Lynn, Deputy Executive Director, Administrative

Investor Owned Electric Utilities Procedures for Assigning Customers to Rate Classes

Background

Recent news articles have raised the issue of how customers are assigned to specific rate classes. Rule 25-6.093, Florida Administrative Code, states:

(2) Upon request of any customer, the utility is required to provide to the customer a copy and explanation of the utility's rates and provisions applicable to the type or types of service furnished or to be furnished such customer, and to assist the customer in obtaining the rate schedule which is most advantageous to the customer's requirements.

(3)(a) By bill insert or other appropriate means of communication, the utility shall give to each of its customers a summary of major rate schedules which are available to the class of which that customer is a member, and

(b) The utility shall provide the information contained in paragraph (a) to all its customers:

1. Not later than 60 days after the commencement of service, and
2. Not less frequently than once each year, and
3. Not later than 60 days after the utility has received approval of its new rate schedule applicable to such customer. (Emphasis added)

A similar issue arose in a previous docket. Order No. PSC-01-2090-FOF-EI addressed a complaint of a customer requesting a retroactive refund based on their reading of Rule 25-6.093(2), Florida Administrative Code. The case was transferred to the Division of Administrative Hearings. The Administrative Law Judge specifically concluded that:

Under the facts of this case, the reading of Rule 25-6.093(2), Florida Administrative Code, urged by Colony would require the utility to guarantee that its customers obtain the most advantageous rate schedule, to affirmatively canvass its customers to make good on that guarantee, and to provide a refund to any customer who is ultimately found not to have received the most advantageous rate, regardless of whether that customer ever made more than a cursory effort to obtain the desired rate. The PSC may or may not have authority to promulgate such a rule, but it has not done so with Rule 25-6.093, Florida Administrative Code.

Thus, utilities are not obligated to affirmatively notify customers which rate schedule would be optimal. Per Rule 25-6.093, Florida Administrative Code, utilities are required to assist customers in identifying the most advantageous rate schedule when requested by the customer, provide annual summaries of their rates and charges, and provide notice of any rates and charges changes that occur throughout the year.

Frequency of Contact with Customers

The frequency of contact with specific customers is typically based on the size of the account. Large commercial accounts are frequently assigned an account representative that routinely meets with the customer. Below is a description of the contacts utilities have with commercial customers.

Florida Power & Light Company (FPL)

FPL has a Field Organization that supports four types of commercial customers: (1) Governmental (cities, counties, schools), (2) Major, (3) National, and (4) Medium/small business. All governmental accounts and major accounts greater than 500 kw have a designated customer representative. National accounts that have a combined annual revenue of \$500,000 and at least five locations in FPL's service territory may have a customer representative. Small/medium customers may also have a customer representative, depending on the customer's needs and number of accounts. All accounts with a designated customer representative are contacted at least once a year, and more often depending on customer needs and preference. All other commercial accounts that do not fall into one of the four categories listed above are handled by FPL's Business Care Center.

FPL's billing system annually reviews the 12-month billing history for each account on major commercial/industrial rate schedules to identify potential alternative rates that may benefit the customer. The customer must have 12 months of billing history and have been on the same rate for 12 months to qualify for the rate review. The billing system generates a list of customers that could potentially benefit by switching to a different rate schedule. Based on the list generated, FPL then further analyses the data, and contacts the customer if a rate change would be beneficial. If FPL does not contact the customer because the savings are not material or if the customer chooses not to change rate schedule, the billing system runs that analysis for that account again in 6 months. Subsequently that account is reviewed again in 12 months.

Any time a customer contacts FPL and asks for a rate review, FPL will provide that analysis. Every January, FPL mails bill inserts to all customers showing all rates and charges, and every new customer receives a hard copy of the rate schedules with their first bill. That January bill insert states: "For more information about your bill or to view available business rate options that might be more economical for your business, visit FPL.com/business." In addition, FPL provides relevant information on monthly bill inserts. FPL does not automatically switch customers to another rate schedule. FPL always contacts a customer first to get their consent before changing them to a different rate schedule.

Duke Energy Florida (DEF)

DEF commercial accounts with annual bills of \$250,000 and higher have a designated customer representative and receive personal visits at least annually, and frequent email communications from the customer representative.

All other customers (residential and commercial below annual bills of \$250,000) receive annual bill inserts, and an interim bill insert whenever there is a rate change. The bill insert for commercial customers states "If you would like more information on these or other rate schedules or require assistance in determining the most economic rates for you, please contact DEF . . ." Also, when a customer calls DEF requesting an energy audit, or with a high bill concern, the representative may trigger a rate review.

Tampa Electric Company (TECO)

TECO's Business and Industry group handles all commercial accounts. Typically customers with greater than 0.5 megawatts of demand are assigned a customer representative, however, that is just a guideline as smaller customers may also have a customer representative. In addition, any commercial customer can request to be assigned a customer representative.

TECO explained that their Business and Industry group is small, and 12,000 customers have a customer representative. TECO does not have specific rules that prescribe the frequency of communications with its commercial customers, but allows the groups to best manage the commercial accounts. TECO also conducts annual customer surveys and uses the survey results for feedback on its relation with commercial customers.

TECO's tariff has three standard commercial rate schedules: GS, GSD, GSD-Optional. TECO said that its computer program on a monthly basis compares customer's bills between GS and GSD, and GSD and GSD-Optional. Based on the past 12 months of the customer's usage to cover any seasonality in usage, and further review by TECO, then TECO automatically switches customers to the most advantageous rate if they have a demand meter (required for GSD). TECO notifies customers of this change on the next bill by stating on the bill "We have transferred your account to a more beneficial rate. Please call if you have any questions." TECO explained that a few customers will call to state they do not wish to be put on the new rate. TECO believes this practice has worked best for its customers. If TECO or the customer believe that a time-of-use rate would be more advantageous, TECO will install a time-of-use meter to monitor the customer's bills for a few months prior to changing the customer to the time-of-use rate.

Gulf Power Company (Gulf)

Gulf has a National Accounts Group that provides designated customer representatives to all multiple state accounts (e.g., Walmart, Home Depot). In addition, the largest industrial customers have a designated customer representative.

Gulf's representatives outside the National Accounts Group are divided into three districts, where the representatives live and work and are there for familiar with the customer base. While smaller commercial accounts do not have a designated customer representative, their calls are directed to a representative in their district. Representatives are also divided into market segments (e.g., hotels, hospitals, military bases).

Gulf started in January 2015 an in-depth rate plan analysis to determine if a customer could benefit economically by being put on a another rate schedule. Gulf is looking at nine different rate schedules applicable to commercial/industrial customers (GS, GSD, LP, LPT, GSD-TOU, primary or secondary meter points) Specialized rate schedules like Real Time Pricing (RTP) are excluded from the analysis. Gulf has completed reviewing customers on the LP and LPT rate schedules.

Currently GS and GSD customers are being reviewed. Using 2014 billing determinants, Gulf calculates a customer's bill under other applicable rates, and determines the most economical

rate. Gulf then communicates with its field representatives who contact customers and present the analysis. The decision on what rate schedule to take service under stays with the customer.

Gulf does not automatically switch customers, but contacts them if another rate is more economical. Gulf explained that some customers choose not to switch rate schedule for various reasons. For example, a customer may be better off on the RTP rate, but chooses not to switch because of the risk since RTP rates are not known ahead of time and may fluctuate. Customers like the security of having rates known ahead of time. Or customers may not choose a load control program because of the inconvenience. Gulf found that risk appetite goes into a customer's decision on what rate schedule to be on.

Gulf expects this analysis to take up to one year to complete, and plans on performing such an analysis every three years. Gulf last did such a review of all accounts in 2005 and partially in 2008.

In addition, Gulf's billing system flags accounts that have abnormal usage levels, resulting in Gulf further investigating whether the customer is on the applicable rate schedule (GS vs GSD). That is an ongoing monthly process. For example, if a customer's demand is 25 kw or higher, the customer would need to move from the GS to the GSD rate, which would add a demand charge customers may be reluctant to pay. The field representative in such a scenario works with the customer to lower the demand to stay below 25 kw.

Gulf's tariff includes the following language, which has been in the tariff since 1962:

OPTIONAL RATES - When two or more rates are available for certain classes of service, the conditions under which they are applicable to the requirements of particular customers are plainly set forth in the Company's published rate schedules. The choice of such rates lies with the Customer. The Company will at any time upon request advise any Customer as to the rate best adapted to existing or anticipated service requirements as defined by the Customer but the Company does not assume responsibility for the selection of such rate or for the continuance of the lowest annual cost under the rate selected should the volume or character of service change. From time to time, the Company undertakes investigations of operating conditions of its customers with a view to recommending desirable changes from one applicable rate to another, but, lacking knowledge of changes which may occur at any time in such conditions, the Company cannot guarantee that customers will be served under the most favorable rate, nor make refunds covering the difference between the charges under the rate in effect and those under any other rate applicable to the same service.

To conclude, Gulf does not believe it should make the decision for a customer on which rate schedule to be on and to automatically switch customers between rate schedules. Gulf states that it is helpful to the customer to have different rate options available, and to make their own decision with good information. Gulf feels it is important to let the customer make the choice, instead of making the decision for the customer assuming that it is the right one.

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

***OUTSIDE PERSONS WHO WISH
TO ADDRESS THE COMMISSION AT***

INTERNAL AFFAIRS

June 18, 2015

<u>Speaker</u>	<u>Representing</u>	<u>Item #</u>
Alex Glenn	DUKE	2
Ken Talbot	DUKE	2

III. Supplemental Materials for Internal Affairs

Note: The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.

IV. Transcript

1
2 BEFORE THE
3 FLORIDA PUBLIC SERVICE COMMISSION
4
5

6 PROCEEDINGS: INTERNAL AFFAIRS
7

8 COMMISSIONERS
9 PARTICIPATING: CHAIRMAN ART GRAHAM
10 COMMISSIONER LISA POLAK EDGAR
11 COMMISSIONER RONALD A. BRISÉ
12 COMMISSIONER JULIE I. BROWN
13 COMMISSIONER JIMMY PATRONIS

14 DATE: Thursday, June 18, 2015

15 TIME: Commenced at 12:20 p.m.
16 Concluded at 12:53 p.m.

17 PLACE: Gerald L. Gunter Building
18 Room 105
19 2540 Shumard Oak Boulevard
20 Tallahassee, Florida

21 REPORTED BY: LINDA BOLES, CRR, RPR
22 Official FPSC Reporter
23 (850) 413-6734
24
25

P R O C E E D I N G S

1
2 **CHAIRMAN GRAHAM:** Okay. The official clock
3 says 12:20, so we will start the meeting.

4 Let the record show it is Thursday, June the
5 18th, and this is the Internal Affairs meeting.

6 Let's start right off with Item No. 1.

7 **MR. CLEMENCE:** Good afternoon, Commissioners.
8 I'm Walter Clemence with Commission staff.

9 Item 1 on today's Internal Affairs agenda is
10 staff's proposed implementation plan for Committee
11 Substitute for House Bill 7109.

12 First, I want to provide you with a quick
13 update and correct one scrivener's error. On June 10th,
14 the Governor signed the bill, and it is currently now
15 Chapter 2015-129 of the laws of Florida.

16 On page 1 of the memorandum on line 2 where it
17 currently reads 366.52, it should read 366.82. Sorry
18 for the mistake.

19 Within this IA item staff has identified the
20 sections of 7109 that will require changes to rules.
21 Staff is recommending that the Commission initiate
22 rulemaking for several provisions of the bill. Other
23 provisions of the bill may require changes to the agency
24 procedures manual. Those proposed changes will be
25 brought to the Commission at a later IA.

1 The three provisions within the rule that
2 staff believes need some corrections are the provisions
3 dealing with electric and natural gas utilities that
4 have tiered rates that extend their billing cycles,
5 rules for the electric and natural gas utilities that
6 deal with deposits, and to the electric and natural gas
7 utilities that -- the rules that provide them with
8 information on their, their tariffs.

9 Finally, staff is already working on
10 implementation of the provision to provide for a funding
11 mechanism for prematurely retired nuclear plants. Staff
12 has already issued the RFP and is currently reviewing
13 proposals. Staff hopes to have an executed contract by
14 the end of the month.

15 Staff is seeking approval to move forward with
16 the rulemaking for the three identified provisions, and
17 staff is available to answer any questions.

18 **CHAIRMAN GRAHAM:** Thank you. Commissioners,
19 any questions of staff? Any comments?

20 **COMMISSIONER BRISÉ:** Move approval.

21 **COMMISSIONER EDGAR:** Second.

22 **CHAIRMAN GRAHAM:** It's been moved and
23 seconded. Any further discussion? All in favor, say
24 aye.

25 (Vote taken.)

1 Any opposed? By your actions, you've
2 approved. Thank you very much. See how great things
3 work when you do a fantastic job.

4 **MR. CLEMENCE:** Thank you.

5 **CHAIRMAN GRAHAM:** Item No. 2.

6 **MR. BAEZ:** Commissioners, we have a
7 presentation by Duke Energy.

8 **CHAIRMAN GRAHAM:** Welcome. Welcome.

9 **MR. GLENN:** How are you?

10 **CHAIRMAN GRAHAM:** I'm good.

11 **MR. GLENN:** How are you?

12 Mr. Chairman, Commissioners, I'm Alex Glenn
13 with Duke Energy Florida, and here to discuss some
14 billing issues that we've had and complaints that are
15 before this Commission. I wanted to thank you for the
16 opportunity to be here to talk about this.

17 At the outset, it's always our desire that our
18 customers are on the best rate for them, for their
19 energy usage and for their business needs. So what I
20 wanted to do is just say where do we stand today? What
21 do we currently do at Duke Energy Florida? And with
22 respect to new business customers, when they establish
23 account, an account with us, we go over them with them
24 and we discuss their type of operation, their business
25 hours, their special equipment that they may have, their

1 planned usage, just to name a few things that we talk to
2 them about, to make sure they're put on the most
3 economical rate. We then assist them in selecting that
4 best rate for their unique circumstances. And then we
5 ask them if things change, if your business hours
6 change, if you're getting new equipment in the future,
7 if you think your business is going to expand or
8 contract, give us a call, contact us so that we can sit
9 down and see what other rates may be better for you.

10 So then we then follow up annually with a bill
11 insert every year that provides detailed information
12 about our available rate options, our schedules,
13 detailed information about all of the different types of
14 rates that are available to business customers, and we
15 encourage customers to call us to see if they want to
16 discuss any of these rate categories or to change. And
17 over the years, we've used additional forms of
18 communication, whether it's by email, if the customer
19 wants to be communicated by email, or -- and we've got
20 our website that's available to all of our business
21 customers as well.

22 Our practice is that we don't automatically
23 change a customer's rate schedule without their consent.
24 We do that because -- and I'll talk about it in a little
25 bit -- if we make a mistake in that initial service and

1 when we set up the customer, we make it right and we
2 refund the customer any savings that they might have
3 otherwise had had they been on the correct rate, if we
4 made a mistake on that.

5 So based on our current feedback we received
6 last year and, and surveys of our customers, and
7 following the issues, I think, that the Commission is
8 well aware of with the south coastal meter reroute
9 project, I asked our team to review all of our policies
10 and procedures, and with an eye particularly on our
11 business accounts as well towards improving customer
12 satisfaction. And this led us to make a decision to
13 change the way we will review our business customer
14 accounts going forward.

15 So what will that look like? Going forward,
16 we're going to do even more to work proactively with our
17 commercial accounts on their available rate plans. So
18 we're going to proactively review commercial accounts
19 annually to determine if these customers could
20 potentially reduce their energy costs by changing to a
21 different rate based on their past 12 months of history.
22 You know, the past 12 months aren't necessarily going to
23 be indicative of what they might use in the future, but
24 it's one indicator. So we still, though, don't intend
25 to change that customer's rate schedule without their

1 consent.

2 So what we want to do, what we're going to do
3 is we believe that the customers have got to be part of
4 that process. It's very important for us to talk with
5 the individual customers to understand their unique
6 circumstances. Sometimes churches will open a day care
7 center, the congregation will expand. And other
8 businesses may turn off AC on a floor that's not being
9 utilized so their patterns change in usage, which we
10 won't know until we do a back look.

11 So what we're going to do is proactively
12 research and send out letters to all of our customers
13 indicating, A, whether or not we think they're
14 available -- would be eligible for maybe a better plan
15 based on their 12-month usage. We're going to ask them
16 to contact us to, to set up something that we can go
17 forward with that. We're going to do that and we're
18 going to implement that by the end of the year.

19 What we're also going to do is we're going to
20 pilot a program at the beginning of next year where we
21 will give customers an option to automatically opt in so
22 that we can change their rate. Kind of a pre-consent by
23 saying, hey, look, if you want to opt into a program
24 where we review your rates, as part of that we'll change
25 you, we'll do that, and so just to give them more

1 options. It they don't want us calling them or sending
2 a letter every single year, we'll give them that option
3 to, to do. But, again, we believe that the customers
4 are in the best position, the unique position to know
5 their business, how their business might change and how
6 it may have changed in the past, which could affect
7 their usage going forward. So we're going to implement
8 that, and I think these additional options are going to
9 enhance the individual experience.

10 So if there's anything we've learned over the
11 last couple of years, it's that customers want to be
12 dealt with on an individual basis. You know, typically
13 as an, as an industry and as a utility, we look at
14 customers as commercial classes, as residential classes.
15 And with the advent of iPhones, with the advent of
16 technology, with the advent of Amazon and FedEx and
17 tracking your own package and where it stands, customers
18 want that interaction, and that's what we're striving to
19 do is to give them that going forward.

20 So before I turn it over to Ken, who can
21 handle any questions with respect to specific of the
22 complaints, I welcome any questions that you, that you
23 all might have. So, Ken.

24 **MR. TALBOT:** Thank you, Alex.

25 Mr. Chairman and Commissioners, I appreciate

1 the opportunity for us to come and speak to you today.
2 I'll be referring to my notes because I want to assure
3 accuracy on the research that we did on the complaints.

4 In May, as many are aware, we received 19
5 complaints that related to rates from -- filed by a
6 consultant on behalf of our, of our customers. My team,
7 the consumer affairs team, conducted a preventability
8 assessment, as we do on all the complaints, all PSC
9 complaints that we receive. We conducted a root cause
10 review of all the complaints to consistently -- we do
11 this to consistently improve customer satisfaction,
12 identify areas of improvement, whether that be
13 communication or human performance errors on our
14 employees. In this particular case, we did find
15 opportunities for improvement, and I'll speak to those
16 in a little bit.

17 Just on a side note, in 2008 we implemented
18 the root cause within my team, the consumer affairs
19 team, to take a look at all the complaints. Because
20 what we really want to do is make sure we don't just
21 make the customer whole, address that individual issue,
22 but mitigate future occurrences and improve our
23 processes.

24 So as a result of our assessments, we did
25 identify areas for improvement, and really they were

1 around human performance coaching as well as training
2 opportunities. And the corrective actions associated
3 with those have already been implemented. So the
4 training, individual coaching has already taken place,
5 and additional training is being developed and will be
6 rolled out to make sure that we have consistent
7 experience with our commercial customers when it comes
8 to rates.

9 Here's some additional findings that we found
10 from our root cause. Three of the 19 complaints, there
11 were 19 total, were from one organization that wasn't on
12 tape. So we found nothing, it wasn't an active account,
13 we found nothing that would merit any type of a, of a
14 refund or a retroactive rate change. And really that
15 was the crux of the consultant's demands were to
16 retroactively refund the customers, and there was really
17 no, no merit for it. So six of the 19 complaints we did
18 not find any human performance errors. There was
19 nothing, no errors on process, so therefore we
20 determined that the retroactive rate change and bill
21 adjustments were not warranted. We also found two
22 instances where we placed the customer on a rate that
23 was not the most advantageous. We identified that error
24 and corrected that error immediately upon finding that,
25 that it was an error. Not only did we change the, the

1 rate retroactively, but we did provide refunds.

2 In one case we also -- and this was the only
3 action taken based on the, the consultant's complaints.
4 So there were 19 complaints, but in only one case did
5 we, did we need to take action on the request of the
6 rate consultant. And that was a case where a request
7 was made to change a rate and we didn't do it, failed to
8 do so. Once again, when we got the complaint from the
9 consultant, we immediately took action and made the
10 customer whole and refunded the appropriate billing
11 period back to that point of the error.

12 In another six complaints we made bill
13 adjustments, although no errors were found to justify
14 any adjustments. That was a decision that we made
15 internally, although there was no justification to do
16 it, but it was -- benefited the customer obviously when
17 we did that.

18 And, finally, we conducted one individual rate
19 view -- rate review on one account. We did change the
20 customer to a more advantageous rate, but we did not
21 gain the customer's consent. So back to Alex's
22 comments, it's really something that we need to get
23 consistent with, and we want to partner with our
24 commercial customers. And in this case it was a right
25 thinking, positive employee that thought he was doing

1 the right thing, but it was just simply a human
2 performance error.

3 Just in conclusion, we feel the requests and
4 demands for retroactive rate changes and refunds were
5 not warranted, are not warranted. When we found errors,
6 we immediately corrected them.

7 And just a note on the, the root cause,
8 another note on the root cause findings. What we found
9 were -- weren't systemic issues. We don't see it's a
10 widespread issue. We saw human performance errors that
11 were made by employees who are dedicated, they want to
12 do right by their customers. They're building
13 relationships with those customers. They truly care
14 about what they do. And sometimes -- in some cases we
15 fall short. We recognize that we fall short and, as the
16 root cause methodology shows, we really want to make
17 those changes, implement those changes so it doesn't
18 happen again. So -- and it is something that we
19 consciously look for, and that is how we're treating our
20 customers. So if you make an error, we'll train you,
21 we'll identify where those gaps are, we'll provide you
22 with tools so it doesn't happen again. But we were
23 consciously looking for systemic issues and they weren't
24 there.

25 So in conclusion, I just will open it up for

1 any questions, and again appreciate the opportunity to
2 speak with you today.

3 **MR. GLENN:** One, one comment that I wanted to
4 emphasize that Ken mentioned too is when you listen to
5 the tapes and when you kind of walk the floors and
6 you're with the employees, they take their jobs very,
7 very seriously and have a great deal of pride and, and
8 it shows. And, and in this instance where we might stub
9 our toe, it was an -- it's actually stubbing our toe in,
10 in an attempt to try to do better for the customer. And
11 so we take it very seriously. We take each complaint,
12 whether it comes to the Commission or it comes to my
13 office or it comes to Ken directly, we take them all
14 very seriously. We look at those, and where we made
15 mistakes, we do causes on them. And, and it doesn't
16 happen a lot. I mean, given our -- that we have tens of
17 millions of, of billing inquiries and transactions every
18 single year, the level of, of near perfection of our
19 associates is really, really great, and I'm very proud
20 of that.

21 And we think our efforts are -- that we've
22 done, not just here but in other issues, are, are
23 driving results over the last two years. Year over year
24 we've seen a 27 percent decline in PSC executive
25 complaints on deposits. We've seen a 49 percent drop

1 year over year in payment option complaints from
2 customers. And high bills, even though it's high bill
3 season, we've seen a 13 percent decline year over year
4 from last year.

5 So I think the things that we are doing are
6 making a difference. We've just got to keep at it. The
7 bottom line for us is that our goal is to help our
8 commercial customers, our residential customers do well.
9 And, and hopefully that will, you know, answer any
10 questions that you may have. But, again, thank you for
11 the opportunity to be here. We greatly appreciate it.

12 **CHAIRMAN GRAHAM:** Alex and Ken, I appreciate
13 you guys coming up and for your presentation today.
14 Commissioners, any questions, concerns?

15 Commissioner Edgar.

16 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman,
17 and thank you for being here. Thank you and thank you
18 and thank you.

19 A couple of comments. I really do appreciate
20 you being here and the opportunity for us to have an
21 item to just kind of lay all of this out. I had a
22 conversation with our Executive Director a month or so
23 ago asking about the possibility of having this
24 conversation at this meeting for a variety of reasons --
25 or for a few reasons, I should probably say, one of

1 which was that there did seem to be some reports in the
2 media that seemed to perhaps leave the impression that
3 there were more incidences of billing issues than our
4 information seemed to be able to corroborate. And
5 certainly -- I'm sure all reporting is well intentioned,
6 but for that perhaps misperception to be out there can
7 be harmful to the company. It certainly can be harmful
8 to the regulatory process. And I think that meetings
9 like this are an appropriate forum -- a noticed meeting,
10 anybody can attend -- to be able to have those
11 discussions and, and clarify, if indeed there is
12 something to clarify.

13 I also had been concerned that there were some
14 reports that, and this is along the same lines, but that
15 we had received more complaints on this specific issue
16 specific to Duke than our, our people were, were saying
17 that we had received. So, again, there just seemed to
18 be some misinformation. And the misperception that
19 sometimes can flow from misinformation, it's better to
20 just get it all out there earlier rather than later.

21 I also felt like, and you alluded to it,
22 Mr. Glenn, that some months ago some of the discussion
23 and, and lack of understanding with some of the issues
24 that came from the meter reroute also did, I believe,
25 trigger some heightened perception in some areas about

1 the billing process and the process if indeed there is
2 an error or if indeed a customer thinks that they may
3 not be on the most advantageous rate. I think these are
4 two different issues, but yet they do -- they certainly
5 are linked and do tend to get put in the same bucket.
6 And that perhaps insinuation of a larger issue, a
7 billing problem or consumers not being billed to their
8 most advantage, is just a problem that none of us want
9 to have. We don't want it to exist, but we also don't
10 want there to be the misunderstanding that there is a
11 larger problem.

12 I certainly recognize, I'm sure we all do,
13 everybody does, that there are going to be occasional
14 errors in any process. But that's not the type of thing
15 that concerns me, because I believe strongly that if
16 indeed there were to be an error, that will be corrected
17 and that customers will be made whole appropriately.
18 It's more this larger issue of is there a larger issue?

19 So the steps that you have described I'm very
20 pleased to hear. I knew that you were in the process of
21 doing, but it did seem like to have it as a joint
22 discussion publicly might be useful to everyone.

23 I agree strongly with your comments along the
24 lines of the importance of interacting with those
25 customers who want to be engaged and want to be

1 interacted with on these issues.

2 In the backup memo that the staff included,
3 there's a little more discussion on that in the
4 information from Gulf, but I do believe that carries
5 across. I certainly want customers to be aware and
6 educated if indeed their, their rate structure or rate
7 category is going to be altered or has the potential to
8 be offered -- altered.

9 I'm also curious, just two questions, for --
10 when you talk about business customers and commercial
11 customers, does that -- when you use that term, does
12 that also include what I would say is more nonprofits?

13 **MR. GLENN:** Yes.

14 **COMMISSIONER EDGAR:** We have heard questions
15 with churches.

16 **MR. GLENN:** Yes. Yes.

17 **COMMISSIONER EDGAR:** And you can say certainly
18 churches of all sizes, but --

19 **MR. GLENN:** Yeah. I, I intertwined those, but
20 these are the commercial customers which all of that
21 falls under. We have large account management for the
22 largest customers which give kind of different services.

23 **COMMISSIONER EDGAR:** Sure.

24 **MR. GLENN:** But on those wide -- smaller
25 accounts and medium size accounts, which includes

1 nonprofits, we -- that's what we're focused on on this
2 particular one.

3 **COMMISSIONER EDGAR:** And you mentioned, I
4 believe, a new procedure that you either have put in
5 place or are about to put in place. It is a little more
6 of an opt in. Would you just touch on that a little
7 more?

8 **MR. GLENN:** Sure. What we're planning to do
9 is when we send out letters to all of our business
10 customers, commercial customers, we plan to send a
11 letter to say, hey, look, we've reviewed your rates.
12 You're on the best rate for you. Or if they're -- or
13 if, based on their past usage, they may actually be
14 beneficial to move to a different rate because they've
15 changed their usage patterns, we will notify them of
16 that, ask them to contact us. We will also then
17 indicate to them that if you want to, when we contact
18 the customer, to opt in, we'll have a separate program
19 that you can then opt in to. So every year we do the
20 proactive rate review for everybody, but if we find that
21 your account could be on a more advantageous rate, we'll
22 automatically do it so you don't have to worry about it,
23 if that's what the customer does. Some customers don't
24 want that.

25 **COMMISSIONER EDGAR:** I agree.

1 **MR. GLENN:** Some customers want to, for
2 whatever reason, you know, have that control. But
3 others may want to check the box and say, okay, do this
4 for me. So that's the process that would work.

5 **COMMISSIONER EDGAR:** Thank you. Again, I
6 appreciate the opportunity for discussion. I'm sure
7 there may be other, other questions. But I do think it
8 is, it is good for our different roles, if indeed there
9 are some questions that are being raised, to notice it
10 and sit down and have the opportunity to exchange that
11 information and, and see where we are and see where
12 we're going.

13 **MR. GLENN:** I equate this to kind of like our
14 system reliability. So if you look at SAIDI for
15 reliability, and we're 99.9986 percent reliable, right,
16 it's similar with our billing systems and with our --
17 and our structure. And so when you look at customer
18 complaints, a 49 percent drop in, say, payment options,
19 that may be 170 complaints out of 20 million, you know,
20 transactions that we do in a year. So when we do the
21 root cause, that's what we're looking for. We're
22 looking for any extended condition -- we've either got
23 problems in our systems, problems in our processes --
24 and we have not found any of that. And we're fully
25 transparent with the, with the staff and, and are really

1 proud of the associates' work that they do on a
2 day-to-day basis. It's really very good.

3 **CHAIRMAN GRAHAM:** I have a quick question for
4 you. Going back to what Commissioner Edgar said, if
5 somebody signs up for the program where they -- you
6 review their rates and you automatically make the
7 change, what happens at the end of the year and you
8 chose incorrectly, and had they gone this way, it would
9 have been cheaper?

10 **MR. GLENN:** That -- we would not plan to
11 refund those dollars because that would be part of the
12 program. Because the hope is that we're going to have a
13 conversation with the customer at the, at the outset,
14 right, to see what their usage pattern is going to be.
15 But, but that's at least initially what we're thinking.

16 **CHAIRMAN GRAHAM:** Okay. Commissioner
17 Patronis.

18 **COMMISSIONER PATRONIS:** Thank you, Chairman.
19 And what a, a cool agenda item.

20 I was, I was just starting to think with all
21 the other -- the first legislative session that
22 Commissioner Brisé and I had was dealing with a very
23 complicated issue, property insurance. So the state --
24 and I look at how many folks that once they sign up for
25 property insurance, they kind of go on auto pilot. They

1 don't go revisit it. And when the incident happened in
2 the State of Florida where people were having trouble
3 getting property insurance, we bolstered Citizens and
4 folks went into it. Well, then what happened, Citizens
5 was expensive. So then the phone calls would come in to
6 our offices, and I would ask them, I said, have you
7 called an insurance agent to get other options? Well,
8 no, I haven't done that. So you start that dialogue.
9 And it's no different than the property insurance where
10 they can find cheaper insurance by at least making that
11 call.

12 I had a colleague that had his primary
13 residence at 9 percent interest rate. I started a
14 dialogue with him. He didn't know there was 4 percent
15 interest out there, you know. Because some of these
16 items are confusing. And you know what, if they've been
17 able to work it into their daily routine and budget,
18 they may not think about it. So I applaud your efforts
19 to try to educate the -- your clients that there's other
20 alternatives out there and ways to save money. Because,
21 again, we're -- families are busy, they're working, and
22 they're not always sure that there may be a better
23 mousetrap out there or a better way to, to enjoy and
24 be -- you know, good uses of their, their household
25 budget. So this is a, this is a great agenda item.

1 **CHAIRMAN GRAHAM:** Commissioner Brown.

2 **COMMISSIONER BROWN:** Thank you. Thanks for
3 coming. And thanks to Commissioner Edgar and our
4 Executive Director and Chairman for putting this here.
5 I appreciate you physically coming up here to
6 Tallahassee.

7 You were talking about proactively working
8 with commercial accounts, and you got into that kind of
9 definition of what is a commercial account.

10 **MR. GLENN:** Uh-huh.

11 **COMMISSIONER BROWN:** How -- and you're going
12 to be contacting those commercial accounts. How many
13 commercial accounts out of the 1.7 million customers do
14 you have?

15 **MR. GLENN:** This will be 180,000 customers
16 every single year that we are contacting proactively.
17 So it's a, it's a, it's a big undertaking, and it will
18 be on an annual basis.

19 **COMMISSIONER BROWN:** And it's -- I'm sorry.
20 You said -- a regular basis, you said?

21 **MR. GLENN:** On an annual basis. We're going
22 to be contacting them every year.

23 **COMMISSIONER BROWN:** And are you -- when you
24 contact them, are you doing it -- you said that you're
25 going to try to deploy different types of methods of

1 communication.

2 **MR. GLENN:** Initially what we're doing is
3 sending out letters. But if they're on a plan, and
4 we'll work out the specifics, but if they're on a plan
5 now that they want email or they want, you know, web
6 based, they do all their stuff on the web, we'll contact
7 them that way.

8 **COMMISSIONER BROWN:** And is it going to be the
9 language that you have in here, the bill insert kind of
10 language, or something else?

11 **MR. GLENN:** I think it's going to be better.
12 Yeah. Frankly, it's going to be more user friendly and
13 bold and get their attention.

14 **COMMISSIONER BROWN:** And since we have you
15 here, just to ask you, after looking at the background
16 material here from the other IOUs in Florida, do you
17 think that there's any additional measures you think
18 that you can take to kind of curb the customer
19 complaints?

20 **MR. GLENN:** I think, I think this is a, a
21 really well thought out, good program. I think it's
22 consistent with what other utilities are doing. But
23 we're not going to stop there. I mean, we're
24 consistently looking at how can we better communicate
25 with our customers on an individual basis? And we've

1 got some projects not just in this area but others. For
2 example, texting capabilities and more information to
3 our customers on outages, for example, as well as bill
4 notice alerts. So your usage is coming up, send out a
5 text to you to, you know --

6 **COMMISSIONER PATRONIS:** Get permission before
7 you send texts.

8 **MR. GLENN:** Yeah. I have three teenage boys,
9 and so I get that. I get that.

10 **COMMISSIONER BROWN:** But apps are becoming
11 popular. Apps in the industry are becoming popular.

12 **MR. GLENN:** And that as well. And so I think
13 what you'll see over the span of the next year, two
14 years is kind of a leap forward in our overall customer
15 service interactions.

16 **COMMISSIONER BROWN:** Thank you for listening,
17 and thank you for your initiatives.

18 **MR. GLENN:** Thank you.

19 **COMMISSIONER BRISÉ:** Thank you. Thank you for
20 being here. No questions this morning. I just wanted
21 to express my appreciation for the fact that there are
22 many things that we don't directly control, whether you
23 as a company or us as a Commission, but customer service
24 is one of those things we all directly control, and you
25 being the provider of service directly control that

1 experience. And so I'm appreciative of the fact that
2 there is thoughtfulness of going into making that
3 experience better. And that's something that as a, as a
4 Commissioner, that's one thing that I pay attention to
5 is what is going on on the other side of the table as a
6 consumer is interacting with you, the company. And so I
7 certainly hope that you will not only work through these
8 initiatives, but also work to make the experience easier
9 and better for all consumers.

10 **CHAIRMAN GRAHAM:** Staff, do you have any
11 questions for the utility?

12 **MR. BAEZ:** No questions.

13 **CHAIRMAN GRAHAM:** Gentlemen, thank you.

14 **MR. GLENN:** Thank you.

15 **MR. TALBOT:** Thank you.

16 **CHAIRMAN GRAHAM:** Thank you very much for
17 coming up. Travel safe.

18 General counsel, anything to report?

19 **MR. BECK:** Not today, sir.

20 **CHAIRMAN GRAHAM:** Executive Director, anything
21 to report?

22 **MR. BAEZ:** Yes, Chairman, a couple of items.

23 As I do each month, I'm pleased to announce
24 the PSC Triple E Award winner, recognizing a small
25 business that worked with its utility to implement a

1 superior energy efficiency effort.

2 Last May, Pensacola Beach Elementary School, a
3 charter school with a Facebook motto "Life is GOOD at
4 the Beach School" received the award. School leaders
5 made school life even better by upgrading and replacing
6 the facility's outdated HVAC system. Chairman Graham
7 recognized the school and its principal, Jeff
8 Castleberry, for implementing PSC-approved conservation
9 programs that saved energy and reduced costs. We issued
10 a news release recognizing the school, and Principal
11 Castleberry received the award plaque for the entire
12 school. So we just want to congratulate them and their
13 local utility, Gulf Power Company, for assisting the
14 school's energy efficiency efforts.

15 The second item I -- you heard me mention at
16 agenda the great James Dean was leaving us soon, and I
17 wanted you -- I wanted to let you know that we've --
18 I've appointed Greg Shafer as the new director of the
19 Division of Economics. Most of you -- all of you should
20 know Greg. He's worked with us for several years. And
21 he's -- he has a master's degree in economics, highly
22 qualified, and he's also been a bureau chief of several
23 bureaus over the years at the Commission. I value his
24 effort so far. I know he's going to do a wonderful job
25 for us leading the Division of Economics, and I would

1 urge you to make use of him as a resource, as you've
2 done over the years as well. So thank you for that, and
3 that's the end of my report.

4 **CHAIRMAN GRAHAM:** Thank you very much for that
5 report.

6 Other matters. Commissioner Brown.

7 **COMMISSIONER BROWN:** I know it was posted on
8 our website, on our little ticker, but I just wanted to
9 make a congratulations to Commissioner Brisé, who just
10 got elected president of the Southeastern Regulator
11 Utility Commission. It's the first time, gosh, we have
12 a president of NARUC and a president of SEARUC. We're
13 leading the country. We're really leading the country,
14 and it's a huge honor to be working with both of you
15 also. Thank you.

16 (Applause.)

17 **CHAIRMAN GRAHAM:** And you're sitting right
18 between the two of them.

19 Commissioner Brisé.

20 **COMMISSIONER BRISÉ:** Thank you. I want to
21 express my gratitude to President Edgar for giving me
22 the opportunity to testify before Congress on behalf of
23 NARUC regarding Lifeline. And I want to thank our staff
24 for helping us prepare to do that, and they did a
25 fantastic job, and all I did was, was read. All right.

1 Thank you.

2 **CHAIRMAN GRAHAM:** All right. Any other
3 matters? Seeing none, I'm glad that you're all here
4 today. I hope you travel back to wherever you're going,
5 home or office, safely, and we are adjourned.

6 (Internal Affairs adjourned at 12:53 p.m.)

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 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
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8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
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13 I FURTHER CERTIFY that I am not a relative,
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16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 25th day of June, 2015.

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