

State of Florida



## Public Service Commission

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

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**DATE:** August 25, 2005

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

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

**RE:** Docket No. 050486-EI – Petition for approval of optional budget billing program for GS-1 rate customers by Florida Power & Light Company.

**AGENDA:** 09/06/05 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 09/12/05 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\050486.RCM.DOC

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### Case Background

On July 14, 2005, Florida Power & Light Company (FPL) filed a Petition for Approval of an Optional Budget Billing Program for General Service Non-Demand (GS-1) Rate Customers on a permanent basis. The Commission approved FPL's experimental program expanding budget billing to include GS-1 customers in Docket No. 030315-EI. See Order No. PSC-03-0676-TRF-EI, issued June 4, 2003.

The Commission has jurisdiction under Sections 366.06(1) and 366.075, Florida Statutes.

### **Discussion of Issues**

**Issue 1:** Should the Commission approve FPL's Petition for Approval of an Optional Budget Billing Program for GS-1 Rate Customers?

**Recommendation:** Yes. (Draper)

**Staff Analysis:** On July 14, 2005, FPL filed a petition to make its optional budget billing program available to GS-1 customers on a permanent basis. The Commission approved FPL's experimental budget billing program for GS-1 customers in Docket No. 030315-EI. The GS-1 rate is applicable to small commercial customers whose maximum monthly demands do not exceed 20 kilowatts. FPL has been offering budget billing to residential customers since July 6, 1982. Customers are notified annually of the availability of budget billing.

Budget billing is a program that seeks to reduce the variations in monthly bills that result from seasonal fluctuations in the usage of electricity. This leveling of the bill allows customers to more easily budget their electricity expenses. The customer is billed based upon an average of their last 12 months' kilowatt-hour (kWh) usage, rather than for their actual monthly usage. The amount billed using the average method is subtracted from the amount which would have been billed based on actual usage. This difference is credited to a deferred balance account which maintains a running total of over- and under-collection. One twelfth of this deferred balance is added to the monthly billed amount.

FPL's experimental GS-1 budget billing pilot program was in effect for the period June 1, 2003 through December 31, 2004. The program was available to 10,000 GS-1 customers on a first-come, first-served basis. In a report filed with the Commission on the results of the pilot, FPL states that approximately 9% of the GS-1 customers participated in the pilot. Since budget billing can result in the accrual of deferred billing balances, the pilot was designed for FPL to assess the impact of budget billing on bad debt. FPL states that during the pilot GS-1 bad debt expenses were insignificant. One customer moved out leaving a balance of \$25.

FPL has not proposed any changes to its existing pilot GS-1 budget billing program for the permanent program. As with the pilot, to qualify for the program, GS-1 customers must have had service at the same premises for at least 12 months, and no delinquent balances. A customer may terminate participation in the budget billing program at any time. However, once a customer's participation in the program has terminated, the customer may not rejoin the program for 12 months following the date of the termination. Any deferred balance owed by the customer must be paid in full at termination. Any deferred balance owed to the customer will be returned as a credit on a future bill.

Staff recommends approval of FPL's petition to extend budget billing to its GS-1 customers on a permanent basis. Participation in the program is optional, and will provide FPL's small business customers with the benefits of budget billing that are currently enjoyed by its residential customers. The Commission has approved optional budget billing programs for commercial customers for Tampa Electric Company (Docket No. 961527-EI) and Gulf Power Company (Docket No. 980530-EI). FPL has requested an effective date of November 1, 2005, to allow time for the training of its employees.

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

**Recommendation:** Yes. If Issue 1 is approved, this tariff should become effective on November 1, 2005. If a protest is filed within 21 days of the issuance of the order, these tariffs should remain in effect with any increase 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. (Brown)

**Staff Analysis:** If Issue 1 is approved, this tariff should become effective on November 1, 2005. If a protest is filed within 21 days of the issuance of the order, these tariffs should remain in effect with any increase 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.