

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: February 16, 2006

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

FROM: Division of Competitive Markets & Enforcement (Broussard, Bulecza-Banks)
Office of the General Counsel (Fleming)

RE: Docket No. 060087-GU – Petition for approval of optional budget billing program for residential natural gas customers, by Florida Public Utilities Company.

AGENDA: 02/28/06 - Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 3/30/06 (60 day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\060087.RCM.DOC

Case Background

On January 30, 2006, Florida Public Utilities Company (FPUC or Company) petitioned the Commission to approve the Company's proposed Optional Budget Billing Program for residential customers of its natural gas utility. The purpose of the program is to even out the amount a customer pays each month by averaging the totals of the most recent 12 monthly bills. The average amount becomes the amount due for each of the next 12 months. The Company opines that its Optional Budget Billing Program is similar to those offered by other utilities and would enable eligible residential customers to stabilize their monthly payments.

Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366 Florida Statutes, including Sections 366.04, 366.05, and 366.06 Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission grant FPUC's petition for approval of an Optional Budget Billing Program for residential customers of its natural gas utility?

Recommendation: Yes. The Commission should grant FPUC's petition for approval of its Optional Budget Billing Program. (Broussard, Bulecza-Banks)

Staff Analysis: On January 30, 2006, FPUC filed a petition for approval of an Optional Budget Billing Program. The purpose of the program is to even out the amount a customer pays each month by averaging the totals of the most recent 12 month bills. The average amount becomes the amount due for each of the next 12 months.

The Company proposes to calculate the monthly bill for the coming year based upon the customer's past 12 months' actual usage. After one year, any under or over payment (based upon the difference between what the customer paid and what the customer should have paid) will be averaged into the coming year's monthly budget payment.

After the customer's budgeted monthly payment amount has been initially established, FPUC may recalculate the budgeted monthly payment from time to time. If the recalculated budgeted monthly payment varies by 10 percent or more from the budgeted monthly payment amount then in effect, FPUC may begin charging the recalculated amount on the customer's next successive bill. As an example, if a customer adds or removes a gas appliance, this could cause the recalculated budgeted monthly payment amount to vary by more than 10 percent from the initial budgeted monthly payment amount.

To be eligible for the program, a customer must be a year-round customer in good standing for the past 12 consecutive months. The customer's bill will display the same information it currently displays, but the amount due will be the budgeted monthly payment. In addition, the current and deferred balance will be shown.

Participation in the plan, once initiated, may be terminated by request of the customer at any time, or by the Company in the event the customer is delinquent in making payment of the budgeted monthly payment amount for two successive months, or the customer terminates gas service from the Company. In these cases, the customer's participation in the plan will be terminated and the customer will be required to settle the account with the Company in full.

If a customer terminates participation in the plan, but remains a customer of FPUC, the customer will be required to pay any net under payment balance with the next regular monthly bill, and any net over payment balance will be used to reduce the amount due for the next regular monthly bill.

Based on the above analysis, staff recommends that the Optional Budget Billing Program proposed by FPUC be approved. The Optional Budget Billing Program will allow FPUC's customers the opportunity to better plan their monthly natural gas expenses, and smooth out traditionally high-bill months over the balance of the year.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If a protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, the tariff should remain in effect with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order. (Fleming)

Staff Analysis: If a protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, the tariff should remain in effect with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.