

State of Florida



Public Service Commission

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

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2017 MAY 24 AM 10:39
COMMISSION
CLERK

DATE: May 24, 2017
TO: Office of Commission Clerk (Stauffer)
FROM: Division of Economics (Rome, Draper) *CRD EJD*
Office of General Counsel (Brownless) *mm mact*
RE: Docket No. 170093-EI – Petition for approval of revisions to Tariff Sheet Nos. 4.070 and 4.080, Deposit Requirements and Customer Billing, by Duke Energy Florida, LLC.

AGENDA: 06/05/17 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/27/17 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: Place following Docket No. 170090-GU

Case Background

On April 28, 2017, Duke Energy Florida, LLC (Duke or Company) filed a petition requesting Commission approval of amendments to Tariff Sheet Nos. 4.070 (Guarantee Deposits) and 4.080 (Billing). During the 2015 session, the Florida Legislature enacted House Bill 7109 which was incorporated into Chapter 2015-129, Laws of Florida. Among other things, the legislation created Section 366.05(1)(b) and (c), Florida Statutes (F.S.). Paragraph (1)(b) addresses billing periods and Paragraph (1)(c) addresses customer deposits. These laws became effective on July 1, 2015. The Commission adopted amendments to Rules 25-6.100 (Customer Billings) and 25-6.097 (Customer Deposits), Florida Administrative Code (F.A.C.), respectively, to implement the laws enacted in July 2015.¹

¹ Order No. PSC-16-0024-FOF-PU, issued January 12, 2016, In Docket No. 150241-PU, *In re: Proposed amendments to Rules 25-6.093, Information to Customers; 25-6.097, Customer Deposits; 25-6.100, Customer*

Docket No. 170093-EI

Date: May 24, 2017

Duke is requesting tariff modifications at this time to ensure that the Company's tariff language continues to conform to the applicable statutes and Commission rules. The Commission has jurisdiction in this matter pursuant to Sections 366.03, 366.05, and 366.06, F.S.

Billings; 25-7.079, Information to Customers; 25-7.083, Customer Deposits; and 25-7.085, Customer Billing, F.A.C.

Discussion of Issues

Issue 1: Should the Commission approve Duke's proposed tariff modifications?

Recommendation: Yes, the Commission should approve Duke's requested modifications to Tariff Sheet Nos. 4.070 and 4.080, as reflected in Attachment A, effective June 5, 2017. (Rome, Draper)

Staff Analysis: Duke's proposed tariff modifications are designed to conform Duke's tariff to the applicable statutes and Commission rules. The two tariff modifications are discussed below.

Billing Period

Section 366.05(1)(b), F.S., provides that if the Commission authorizes a public utility to charge tiered rates based upon levels of usage and to vary its regular billing period, the utility may not charge a customer a higher rate because of an increase in usage attributable to an extension of the billing period; however, the regular meter reading date may not be advanced or postponed more than five days for routine operating reasons without prorating the billing for the period. The Commission amended Rule 25-6.100, F.A.C., to implement the statutory changes.² The prior rule specified that the regular meter reading date may be advanced or postponed not more than 5 days without a proration of the billing for the period, but did not address the application of tiered rates to extended billing periods. Tiered rates, such as Duke's residential energy charges, apply a higher energy charge to usage above 1,000 kilowatt-hours.

Duke has proposed to add language to Tariff Sheet No. 4.080 to reflect the statutory requirements and to include the Company's current billing practices in its tariff. The revised tariff sheet addresses both the proration of charges when billing periods are varied by more than five days, as well as the prohibition against charging higher tiered rates if the extension of a billing period of more than five days causes a customer's energy consumption to exceed the Company's tier threshold of 1,000 kilowatt-hours. Duke has represented to staff that its current business practices regarding bill proration and administration of tiered rates are in compliance with Section 366.05(1)(b), F.S.

Customer Deposits

Section 366.05(1)(c), F.S., provides that for an existing account, the total deposit may not exceed two months of average actual charges. For a new service request, the total deposit may not exceed two months of projected charges. Once a new customer has had continuous service for a 12-month period, the amount of the deposit shall be recalculated using actual data. Any difference between the projected and actual amounts must be resolved by the customer paying the additional amount that may be billed by the utility or the utility returning any overcharge.

The Commission amended Rule 25-6.097(1), F.A.C., to state that the utility's methodology for determining customer deposits for existing and new accounts shall conform to Section

² *Id.*

366.05(1)(c), F.S.³ The prior rule language already required that the total amount of a deposit not exceed twice the average monthly bill.

Duke's proposed revisions to Tariff Sheet No. 4.070 conform to the language of Section 366.05(1)(c), F.S., by stating that deposits for existing accounts and new service requests will be calculated in the manner set forth in Sections 366.05(1)(c)1 and 2, F.S., respectively, and address the new statutory provision for deposits to be recalculated on an annual basis. Duke also included several minor administrative modifications to ensure that the revised Tariff Sheet 4.070 comports with Rule 25-6.097, F.A.C., and reflects the Company's current operating practices.

Pursuant to Rule 25-6.097(3), F.A.C., utility customers receive refunds of their deposits with interest after a period of 23 months of continuous service, assuming their payment record is satisfactory. Therefore, for the majority of utility customers, the deposit amount recalculation after a 12-month period of continuous service occurs only once.

Conclusion

Based on a review of the applicable statutes, Commission rules, and proposed tariffs filed by Duke, staff believes that the tariff sheet revisions conform to the applicable statutes and Commission rules. Therefore, staff recommends that the Commission approve Duke's requested modifications to Tariff Sheet Nos. 4.070 and 4.080, as reflected in Attachment A, effective June 5, 2017.

³ *Id.*

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues 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. (Brownless)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues 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.



SECTION NO. IV
~~FIFTH~~ FOURTH REVISED SHEET NO. 4.070
CANCELS ~~FOURTH~~ THIRD REVISED SHEET NO. 4.070

PART VII
GUARANTEE DEPOSITS

7.01 Deposit Requirement:

In order to guarantee payment for service rendered, the Customer shall provide the Company with a cash deposit or other acceptable guarantee such as a surety bond, letter of credit, or guarantee letter. For residential customers, the guarantor must be a customer of the Company with a satisfactory payment record. For non-residential customers, the guarantor needs not be a customer of the Company, but must be a bank, or insurance company, or other institution with proven financial capability to furnish such a guarantee. ~~The total amount of the required deposit shall be equal to twice the Customer's average monthly bill (rounded to the nearest \$5.00), but no less than \$25.00. Deposits for existing accounts and new service requests will be calculated in the manner set forth in section 368.05(1)(c)1. & 2., Florida Statutes (2015) (as may be amended from time to time), respectively. Deposits will be recalculated at least on an annual basis.~~ A deposit requirement may be waived for customers who have previously established a satisfactory payment record with the Company or meet the Company's requirements for the establishment of credit.

7.02 Refund of Deposit:

After a customer has had continuous service for a period of twenty-three (23) months and established a satisfactory payment record, the Company will refund a residential customer's deposit and at its option either refund or commence applying a higher rate of interest on a non-residential customer's deposit as provided for in Section 25-6.097(45) of the Florida Public Service Commission Rules. A customer is considered to have established a satisfactory payment record, if over the preceding twelve (12) months of service, the customer has not had a disconnection of service for non-payment of bill, made payment with a dishonored check, ~~or had more than one (1) late payment notice, or tampered with the electric meter, or used service in a fraudulent or unauthorized manner.~~ Any deposit, plus accrued interest, being held by the Company upon termination of service will be credited to the ~~e~~Customer's final bill and any remaining balance refunded.

7.03 New or Additional Deposit:

The Company may require upon written notice ~~to the Customer~~ of not less than thirty (30) days a ~~new deposit, where previously waived or returned, or additional deposit~~ deposit on an existing account ~~in order to secure payment of current bills.~~

7.04 Interest on Deposit:

Interest will accrue on deposit amounts in existence for a continuous period of six (6) months or longer at the minimum rate provided for in Section 25-6.097(45) of the Florida Public Service Commission Rules. Accrued interest will be paid either as a credit on the Customer's June bill or as a payment upon refund of deposit, or upon final settlement of ~~e~~Customer's account.

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy – FL

EFFECTIVE: ~~April 29, 2013~~



SECTION NO. IV
~~FIFTH QUARTER~~ REVISED SHEET NO. 4.080
CANCELS ~~FOURTH QUARTER~~ REVISED SHEET NO. 4.080

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PART VIII
BILLING

8.01 Billing Period:

A bill for service will be rendered on a regular monthly cycle as scheduled by the Company. A normal billing month is an interval between scheduled meter reading dates and is approximately thirty (30) days.

8.02 Prorated Monthly Bills:

A normal monthly bill will be prorated (based on actual number of days vs. thirty (30)) if the meter reading date is advanced or postponed more than five (5) days from the scheduled read date.

All other types of bills (including initial, final, or reroute) will be prorated if they cover more or less than a regular monthly billing period (including the five-(5) day reading range). If the billing period is extended more than five (5) days, the Company will not apply the higher tiered rate if the Customer's higher usage is solely attributable to the extended billing period.

8.03 Measurement and Evidence of Consumption:

Power and energy shall be measured for each point of delivery by one meter for each type of service rendered; and the Company's readings and records thereof shall be accepted and received, at all times and places as prima facie evidence of the quantity of electricity used by the Customer at the point of delivery.

- (1) **Conjunctive Billing:** The Company does not permit conjunctive billing. Each point of delivery to the same customer constitutes a separate service, and bills for two (2) or more points of delivery to the same customer shall be calculated separately for each point of delivery; however, where more than one (1) meter is used to measure the same type of service, although only one point of delivery is involved, each such meter shall be calculated and billed separately, as though it were a separate service, until such time as the Customer rearranges his facilities to take all of the same type of service through a single meter.
- (2) **Unread Meters:** When the Company is unable to read a meter due to circumstances beyond the control of the Company, such as inaccessibility of meters because of flood or stormy conditions, the Company may render a minimum or estimated bill.

8.04 Delinquent Bills:

Bills are due when rendered and become delinquent if not paid within twenty (20) days after the date of mailing or delivery. A late payment charge will be applied to accounts that have past due balances, in accordance with the Company's Rate Schedule SC-1. Non-receipt of bills by customer shall not release or diminish the obligation of the Customer with respect to payment thereof on time.

8.05 Vacating or Change of Occupancy:

When a customer vacates a premise served by the Company, or when a change of occupancy therein takes place, the outgoing customer shall notify the nearest office of the Company not less than three (3) days prior to the date of vacating or change, as the case may be; and the outgoing customer shall be held responsible for all electric service used on such premises until such notice is received and service is disconnected, or until application for service at said location has been made by a new customer and accepted by the Company, whichever first occurs.

8.06 Service Charges:

Service Charges shall be made for each establishment or re-establishment of service, and for each returned check, in accordance with the Company's Rate Schedule SC-1.

8.07 Adjustment of Bills:

Adjustment of bills shall be made in accordance with regulations of the Florida Public Service Commission.

(Continued on Next Page)

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy – FL

EFFECTIVE: April 29, 2013