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| State of Florida  pscSEAL | | 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: | May 24, 2017 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Division of Economics (Rome, Draper)  Office of General Counsel (Brownless) | | |
| 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]](#footnote-1)

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.

Discussion of Issues

Issue :

 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]](#footnote-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 366.05(1)(c), F.S.[[3]](#footnote-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.

Issue 2:

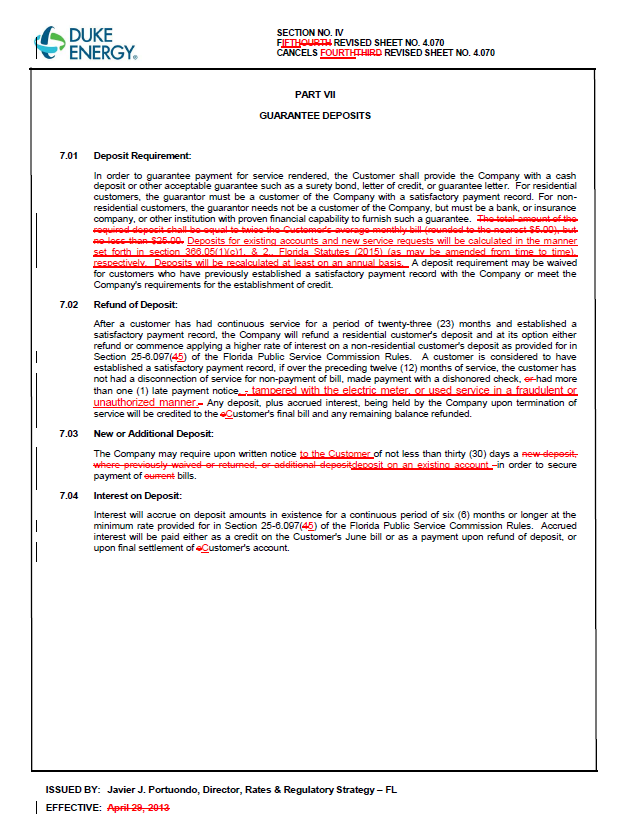
 Should this docket be closed?

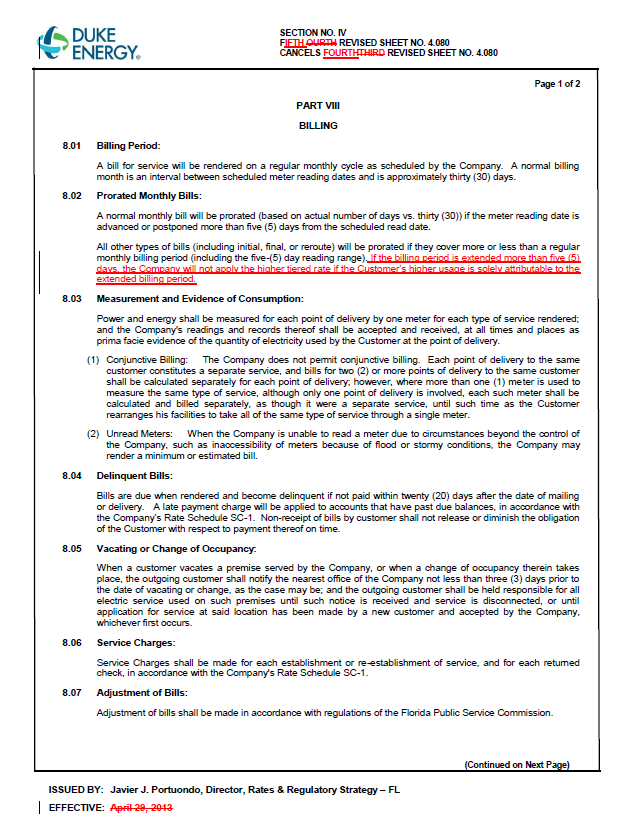
Recommendation:

 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.





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 Billings; 25-7.079, Information to Customers; 25-7.083, Customer Deposits; and 25-7.085, Customer Billing, F.A.C.* [↑](#footnote-ref-1)
2. *Id*. [↑](#footnote-ref-2)
3. *Id*. [↑](#footnote-ref-3)