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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: | October 1, 2015 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Office of the General Counsel (Leathers, Crawford)  Office of Consumer Assistance and Outreach (Forsman, Valdez De Gonzalez)  Division of Economics (Ollila) | | |
| RE: | Docket No. 150169-EI – Complaint by James DiGirolamo vs. Florida Power & Light Company. | | |
| AGENDA: | 10/13/15 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Administrative |
| CRITICAL DATES: | | | None |
| SPECIAL INSTRUCTIONS: | | | None |

Case Background

On July 7, 2014, Mr. James DiGirolamo filed an informal complaint against Florida Power & Light Company (FPL) with the Commission’s Office of Consumer Assistance and Outreach (CAO).[[1]](#footnote-1) Mr. DiGirolamo’s informal complaint alleged that the electric bills for his commercial property’s account with FPL markedly increased after FPL replaced his analog meter with a communicating (smart) meter. Mr. DiGirolamo contended that his electric usage had not increased, and FPL was improperly billing his business for demand usage. Mr. DiGirolamo further requested that FPL remove the new smart meter and replace it with his old meter. Several Commission staff members worked with Mr. DiGirolamo and FPL to resolve his informal complaint. On February 10, 2015, staff sent Mr. DiGirolamo its disposition letter indicating that his informal complaint had been reviewed and that his account appeared to have been billed properly. On March 2, 2015, staff closed Mr. DiGirolamo’s informal complaint.

Due to his dissatisfaction with staff’s disposition of his informal complaint, Mr. DiGirolamo filed a formal complaint against FPL on June 16, 2015. The complaint reiterates his claims set forth in his informal complaint. In the complaint, Mr. DiGirolamo relays that he has occupied his commercial property since December 2002, and that his electric bills have averaged “$500-550 per month, all this time.” The complaint further states that “[a]fter installing the smart meters . . . . [his] bill each month is $750 and up.” Mr. DiGirolamo advises that his business “is using the same electric that [it has] always used.” Mr. DiGirolamo also states that “[t]here is no way that [his] little business, is taxing or creating a demand on the electrical grid, as FPL suggests.”

On August 7, 2015, FPL filed a Motion to Dismiss Complaint. In summary, FPL states that Mr. DiGirolamo’s complaint fails to cite any statute, rule, or order which FPL allegedly violated and should, therefore, be dismissed for failing to meet the pleading requirements of Rule 25-22.036, Florida Administrative Code (F.A.C.). FPL further contends that the complaint, even when read in the light most favorable to Mr. DiGirolamo, fails to specify a cause of action or the relief being sought and should, therefore, be dismissed.

On August 11, 2015, legal staff contacted Mr. DiGirolamo to notify him that he may furnish a response to FPL’s Motion to Dismiss Complaint or any other information he may have in support of his complaint. To date, staff has not received any additional information from Mr. DiGirolamo.

This recommendation addresses whether FPL’s Motion to Dismiss Complaint should be granted and the appropriate disposition of Mr. DiGirolamo’s complaint against FPL. The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

Discussion of Issues

Issue 1:

 Should the Commission grant FPL's Motion to Dismiss Complaint?

Recommendation:

 No. While Mr. DiGirolamo’s complaint does not comply with technical pleading rules, the Commission has significant information before it upon which it can make a decision on the substance of the complaint. (Leathers)

Staff Analysis:

 FPL alleges that Mr. DiGirolamo’s complaint fails to meet the pleading requirements for a formal complaint because it does not “cite or reference any rule, order or statute which FPL has allegedly viotaled.” As such, FPL contends that it cannot “adequately research, prepare and formulate a defense.” For formal administrative proceedings authorized by Chapter 120, F.S., the Uniform Rules of Procedure contained in Chapter 28-106, F.A.C., apply. In addition to the Uniform Rules which govern all administrative proceedings, the Commission has adopted specific procedural rules to govern proceedings before it, which are contained in Chapter 25-22, F.A.C. As cited by FPL, Rule 25-22.036, F.A.C., requires that a formal complaint must contain:

1. The rule, order, or statute that has been violated;
2. The actions that constitute the violation;
3. The name and address of the person against whom the complaint is lodged; and
4. The specific relief requested, including any penalty sought.

FPL states that Mr. DiGirolamo’s allegations that his bill increased after the smart meter was installed, that his business’s electric usage has remained the same, and that “[t]here is no way [his] little business, is taxing or creating demand on the electrical grid, as FPL suggests” are “vague and ambiguous at best” and do not mention any alleged violation of rules, statutes, or orders. Additionally, FPL states that Mr. DiGirolamo’s request for “immediate relief, from these unrealistic charges” does not comply with Rule 25-22.036 because it is not specific, nor even suggestive of the type of relief sought. Accordingly, FPL asserts that Mr. DiGirolamo’s complaint should be dismissed.

FPL further asserts that Mr. DiGirolamo’s complaint should be dismissed because it fails to state a legal cause of action upon which relief may be granted. FPL states:

In order to determine whether the petition states a cause of action upon which relief may be granted, it is necessary to examine the elements needed to be alleged under the substantive law on the matter. All of the elements of a cause of action must be properly alleged in a pleading that seeks affirmative relief. If they are not the pleading should be dismissed.[[2]](#footnote-2)

Applying that Commission order, FPL asserts that Mr. DiGirolamo’s complaint should be dismissed because “[s]imply alleging that [he] does not agree with FPL’s monthly bills for service is not a legal cause of action.”

Section 120.569(2)(c), F.S., states, in part, that this Commission shall dismiss a petition for failure to substantially comply with the uniform rules. Pursuant to this statute, the dismissal of a petition should, at least once, be without prejudice to the petitioner to allow the filing of a timely amended petition curing the defect, unless it conclusively appears from the face of the petition that the defect cannot be cured. However, the Commission has previously held pro se litigants such as Mr. DiGirolamo to a relaxed pleading standard, in order to prevent delay and promote resolution of litigants’ claims.[[3]](#footnote-3)

Staff believes the facts and law in this docket are sufficiently developed and a complaint in strict compliance with the rule is not necessary in order for the Commission to make a decision at this time. The extensive documentation in this docket, including the informal complaint files, Mr. DiGirolamo’s formal complaint, FPL’s Motion to Dismiss Complaint, and the documented correspondence between staff and Mr. DiGirolamo provides significant information about Mr. DiGirolamo’s factual assertions and requested relief. Staff believes this information is sufficient to allow the Commission to make a decision on the substance of Mr. DiGirolamo’s complaint, and does not believe it would be an efficient use of the parties’ resources to require Mr. DiGirolamo to amend his complaint merely to comply with the technical pleading rules. Therefore, staff recommends that the Commission deny FPL’s Motion to Dismiss Complaint. Instead, staff recommends that the Commission proceed to make a decision on the substance of Mr. DiGirolamo’s complaint, as discussed in Issue 2.

Issue 2:

 What is the appropriate disposition of Mr. DiGirolamo's complaint?

Recommendation:

 Mr. DiGirolamo’s formal complaint should be denied and he should pay any outstanding account balance. It appears that Mr. DiGirolamo’s account was properly billed in accordance with FPL’s tariffs along with Commission rules and statutes. Furthermore, it does not appear that FPL has violated any jurisdictionally applicable provision of the Florida Statutes, the Florida Administrative Code, or its tariff in the handling of Mr. DiGirolamo’s account. (Leathers, Ollila, Forsman, Valdez De Gonzalez)

Staff Analysis:

**Formal Complaint**

Mr. DiGirolamo asserts that his commercial property’s electric bills have risen since FPL replaced his old analog meter with a smart meter on May 20, 2014. Mr. DiGirolamo contends that his business’s electrical consumption has not increased and the demand usage charges are being unjustifiably imposed upon his account.

The following list is a summary of all of the investigative activity that has been performed on behalf of Mr. DiGirolamo in an effort to address his complaint.

1. June 16, 2014 – An FPL Customer Care Center representative offered to organize a Business Energy Evaluation (BEE) for Mr. DiGirolamo’s business to identify any inefficiencies which may have an adverse impact on Mr. DiGirolamo’s utility bills. Mr. DiGirolamo accepted this offer.
2. July 3, 2014 – An FPL Business Account Specialist visited Mr. DiGirolamo’s business to conduct the BEE. Upon the Specialist’s arrival, Mr. DiGirolamo relayed that his electric bill increased after the smart meter was installed. The Specialist explained that the new meter registered demand usage that was not previously captured by the analog meter, and that some businesses were experiencing higher bills as a result. Mr. DiGirolamo then cancelled the BEE appointment. Subsequently, Mr. DiGirolamo contacted FPL’s Customer Care Center to dispute the demand charges and requested that the smart meter be removed and replaced with his old analog meter. A Customer Care Center Supervisor discussed Mr. DiGirolamo’s concerns with him and requested an FPL Corporate Resolution Specialist to contact Mr. DiGirolamo. Later that day, an FPL Corporate Resolution Specialist contacted Mr. DiGirolamo to discuss his concerns regarding the demand usage. Furthermore, the Specialist offered to rebill Mr. DiGirolamo’s current bill, less the demand usage charge. However, Mr. DiGirolamo indicated dissatisfaction and advised he would file a complaint with the Commission.
3. July 7, 2014 – A second FPL Corporate Resolution Specialist contacted Mr. DiGirolamo to discuss his concerns. At that time, the Specialist explained demand usage and that Mr. DiGirolamo’s demand usage exceeded the threshold of 20 kW, which changed Mr. DiGirolamo’s rate to General Service Demand per FPL’s rate schedule. The Specialist offered Mr. DiGirolamo another BEE and a meter test. Mr. DiGirolamo accepted the offered meter test but declined the offered BEE.
4. July 8, 2014 – An FPL Advocacy Supervisor contacted Mr. DiGirolamo to discuss his concerns and offered to adjust his business’s electric bills for six months to assist with his transition to the new billing rate. Specifically, the Supervisor informed Mr. DiGirolamo that every month for six months, beginning with his June 12, 2014 bill, the demand usage would not be billed and his business would remain on the General Service – Non-Demand rate. Mr. DiGirolamo accepted the Supervisor’s offer and indicated his satisfaction with this resolution.
5. July 9, 2014 – FPL visited Mr. DiGirolamo’s business and removed smart meter number KJ64196 and sent it to FPL’s Meter Technology Center to be tested. That smart meter was replaced with smart meter number KJ73274. The results of the meter test were: full load – 99.96%; light load – 99.96%; weighted average – 99.97%. The meter test results confirmed that smart meter number KJ64196 was recording electric consumption accurately in accordance with Rule 25-6.052(3), F.A.C.
6. July 10, 2014 – The aforementioned second FPL Corporate Resolution Specialist contacted Mr. DiGirolamo to inform him of the meter test results. Mr. DiGirolamo indicated that he was satisfied.
7. December 15, 2014 – In light of Mr. DiGirolamo’s request that the Commission reopen his informal complaint, the FPL Specialist contacted Mr. DiGirolamo to discuss his concerns. At that time, Mr. DiGirolamo expressed that he was unsatisfied and believed the demand charge to be inappropriate. Subsequently, the Specialist attempted to re-explain demand usage. Furthermore, the Specialist informed Mr. DiGirolamo that he had received a courtesy billing adjustment for six months and that FPL would not be able to provide any further billing adjustments.
8. December 18, 2014 – The FPL Specialist returned a message from Mr. DiGirolamo and again explained the demand usage being billed to Mr. DiGirolamo. Mr. DiGirolamo requested that FPL remove the smart meter and replace it with a non-smart meter because he preferred to pay FPL’s Non Standard Meter Option. The Specialist indicated that he would investigate this option and provide Mr. DiGirolamo with any relevant information.
9. December 22, 2014 – The FPL Specialist contacted Mr. DiGirolamo to inform him that the only non-smart meters available for his meter class were electronic, which would continue to register his business’s demand usage. Mr. DiGirolamo indicated his dissatisfaction and, again, contended that he did not believe that his business is eligible for the demand usage charge. The Specialist offered another BEE to assist Mr. DiGirolamo with his understanding of demand usage. Mr. DiGirolamo declined this offer.
10. January 6, 2015 – Staff reviewed FPL’s response to Mr. DiGirolamo’s informal complaint and found that it appears that Mr. DiGirolamo’s account is being billed properly and that FPL is acting within the Commission’s rules. Upon reporting these findings, Mr. DiGirolamo raised continued objections to the demand usage charge and indicated that the charge was inappropriate. Based on Mr. DiGirolamo’s continued dissatisfaction, his informal complaint was escalated to the process review phase of the complaint progression in accordance with Rule 25-22.032(7), F.A.C.
11. January 7, 2015 – Pursuant to Rule 25-22.032(3), F.A.C., FPL was sent a routine notice that FPL must notify the Commission of all communications it has with Mr. DiGirolamo and that FPL could not disconnect Mr. DiGirolamo for nonpayment of the disputed amount.
12. January 9, 2015 – Staff contacted Mr. DiGirolamo to discuss his concerns regarding the demand usage charge.
13. January 12, 2015 – Staff contacted FPL to request a refereed meter test of meter number KJ64196.
14. January 13, 2015 – Staff contacted FPL to request a 36-month account audit and the copies of the billing statements issued during that time period.
15. January 16, 2015 – Staff contacted FPL to verify when Mr. DiGirolamo’s account was established and the date when electromechanical polyphase meter number 5J27249 (Mr. DiGirolamo’s original, analog meter) was installed.
16. January 21, 2015 – Staff contacted FPL to discuss the demand rate charged to Mr. DiGirolamo’s account.
17. January 28, 2015 – Commission Field Engineers met with FPL’s Regulatory Consumer Issues Manager and FPL Meter Electricians at FPL’s Meter Technology Center to complete a witnessed meter test of meter number KJ64196. The results of the meter test were: full load – 100.02%; light load – 100.02%; weighted average – 100.03%. These results confirmed that the subject meter was recording electric consumption accurately in accordance with Rule 25-6.052(3), F.A.C. Staff reported that a visual inspection of the meter was conducted and no abnormalities were identified.
18. February 10, 2015 – Staff sent a close-out letter to Mr. DiGirolamo summarizing its review of his account activity, electrical consumption, and meter accuracy. Staff stated that it appears that FPL has complied with the applicable statutes, rules, tariffs, and orders of the Commission.
19. March 2, 2015 – Staff closed Mr. DiGirolamo’s informal complaint.
20. June 15, 2015 – Mr. DiGirolamo contacted staff and requested further review of his case. As a result of Mr. DiGirolamo’s continued dissatisfaction and his objection to staff’s findings, Mr. DiGirolamo was provided with information regarding the formal complaint process.
21. June 16, 2015 – The Commission Clerk received an electronic request from Mr. DiGirolamo to open a formal complaint against FPL. This docket was subsequently opened.
22. August 11, 2015 – After receiving FPL’s Motion to Dismiss Complaint, legal staff contacted Mr. DiGirolamo to notify him that, if he desired, he could provide a written response to FPL’s motion, along with any other additional information pertinent to this docket. To date, Mr. DiGirolamo has not submitted any further information regarding this docket.

Staff’s investigations regarding Mr. DiGirolamo’s complaint indicate that the meter tests that FPL conducted were correctly performed, and that the equipment is operating within the Commission specified limits. Furthermore, staff has reviewed Mr. DiGirolamo’s electric consumption and billing histories, and it appears from the information provided that the account has been billed consistent with FPL’s tariff and the Commission’s rules and statutes.

**Electricity Consumption and Billing History**

In order to more clearly understand this claim, staff reviewed FPL’s electric consumption history for Mr. DiGirolamo’s business address for the 36-month period of January 2012, through December 2014.

Based on staff’s analysis of the 366-day billing period from December 12, 2011, through December 12, 2012, Mr. DiGirolamo consumed 42,648 kWh, an average daily usage of 116.5 kWh. Staff’s analysis of the 365-day billing period from December 12, 2012, through December 12, 2013, reflected that Mr. DiGirolamo consumed 45,977 kWh, an average daily usage of 126 kWh. Based on staff’s analysis of the 364-day billing period from December 12, 2013, through December 11, 2014, Mr. DiGirolamo consumed 46,451 kWh, an average daily usage of 127.6 kWh. Essentially, staff’s review of Mr. DiGirolamo’s electric consumption history did not reveal any unusual trends that would indicate skewed or disproportionate kWh consumption, but reflects a steady increase in Mr. DiGirolamo’s consumption over the last three years. Staff also notes that Mr. DiGirolamo has declined several offers from FPL to have its staff conduct a free BEE at his place of business to assist him with managing his electricity expenses and identifying ways to conserve.

Staff also recognized that Mr. DiGirolamo’s consumption was metered with an analog, electromechanical polyphase meter, which just measured energy-only kWh, from the time he established service in his name on October 25, 2002, through the day that FPL replaced it with the smart meter on May 20, 2014. Upon installation of smart meter number KJ64196, which measures both energy-only kWh and demand kW, it was discovered that Mr. DiGirolamo’s demand usage was well exceeding the demand threshold of 20 kW. As a result, Mr. DiGirolamo’s billing rate was changed from GS-1 to GSD-1. On July 7, 2014, in response to Mr. DiGirolamo’s informal complaints, FPL offered to refrain from charging Mr. DiGirolamo the new GSD-1 rate for a period of six months to assist him with his transition to the new rate. Staff reviewed Mr. DiGirolamo’s kW consumption and billing history for that six month period. Staff’s analysis indicates that Mr. DiGirolamo’s monthly kW demand during this time ranged from 32 kW to 34 kW and he received a credit adjustment totaling $1,454.40.

**Meter Testing**

On rare occasions, a defective or malfunctioning electric meter can contribute to unusually high or low electric bills. As a result, FPL removed meter number KJ64196 from Mr. DiGirolamo’s premises to conduct a meter test on July 9, 2014, replacing it with meter number KJ73274. The results of the test confirmed the meter was functioning properly within guidelines established by the Commission.

Staff later arranged for meter number KJ64196 to be tested again. In accordance with Rule 25-6.060, F.A.C., Meter Test – Refereed Dispute, at the request of staff, on January 28, 2015, a witnessed inspection and meter test was performed on Mr. DiGirolamo’s meter. This test was supervised by PSC field engineers. The results of this second test confirmed that the meter was functioning properly, in accordance with Rule 25-6.052(3), F.A.C. Accordingly, there is no evidence that Mr. DiGirolamo’s electrical consumption is abnormally high, or that Mr. DiGirolamo’s meter incorrectly recorded his business’s electrical consumption.

**Alleged Unjustified Demand Charges**

Electricity consumers’ billing statements reflect one or two components, depending on the amount of electricity used and the usage level; these are energy and demand. Demand reflects how much electricity is used at any given moment during the billing period and is measured in kilowatts (kW). Residential consumers are only billed for the energy they use at any given moment during the billing period because most homes have a very similar energy use profile. However, electric consumption and demand among commercial and industrial energy users vary greatly. To meet these commercial and industrial customers’ brief high demands for power, electric utilities keep equipment, such as properly sized transformers, service wires, conductors, substations and even generating stations, on constant standby. Utilities’ distribution systems must be designed for demand, and this demand must be accurately measured to insure sufficient services are provided to all customers. Customers who create this demand and the need for power during these periods of high demand pay for its availability as a separate charge for demand. Demand charges are measured by demand-measuring meters.

FPL uses demand-measuring meters that constantly track and record the highest 30-minute average level of kW demand each billing period. The kW demand is the amount of electric load required by the customer’s electric equipment operating at any given time during a billing period. The kW demand is recorded for billing the demand charge each month then reset to zero on the meter after each meter reading is taken. FPL customers with a demand of 20 kW or less are billed at the GS-1 (General Service – Non Demand) rate. Customers with a measured demand in excess of 20 kW and less than 500 kW are billed at GSD-1 (General Service Demand) rate. For further information about the GSD-1 rate, FPL’s tariff Sheet 8.105 General Service Demand is attached to this recommendation as Attachment A.

As previously mentioned, upon installation of smart meter number KJ64196, FPL discovered that Mr. DiGirolamo’s demand usage was well exceeding the demand threshold of 20 kW. Accordingly, FPL changed Mr. DiGirolamo’s billing rate from GS-1 to GSD-1. Notably, Mr. DiGirolamo’s demand usage for his December 2014 and January 2015 billing statements was 36 kW and 30 kW, respectively. There is no evidence that Mr. DiGirolamo’s demand usage is abnormally high, or that Mr. DiGirolamo’s meter incorrectly recorded his business’s demand usage.

**Conclusion**

Staff conducted a thorough and complete investigation of this matter and believes that FPL has complied with its tariff and all applicable statutes and Commission rules. Based on the information obtained by staff, it appears that Mr. DiGirolamo’s business account was properly billed in accordance with FPL’s tariffs along with Commission rules and statutes. The meter tests, analyses of Mr. DiGirolamo’s electric consumption history, and review of Mr. DiGirolamo’s billing history indicate that the charges and account balance are accurate. Mr. DiGirolamo has presented no documentation or evidence that supports his contention that he was improperly billed or that his recorded electric consumption is erroneous. Staff believes that FPL has accurately measured Mr. DiGirolamo’s demand usage and correctly calculated his billing statements. Furthermore, it does not appear that FPL has violated any jurisdictionally applicable provision of the Florida Statutes, the Florida Administrative Code, or its tariff in the handling of Mr. DiGirolamo’s account. Therefore, staff recommends that the Commission deny Mr. DiGirolamo’s formal complaint.

Issue 3:

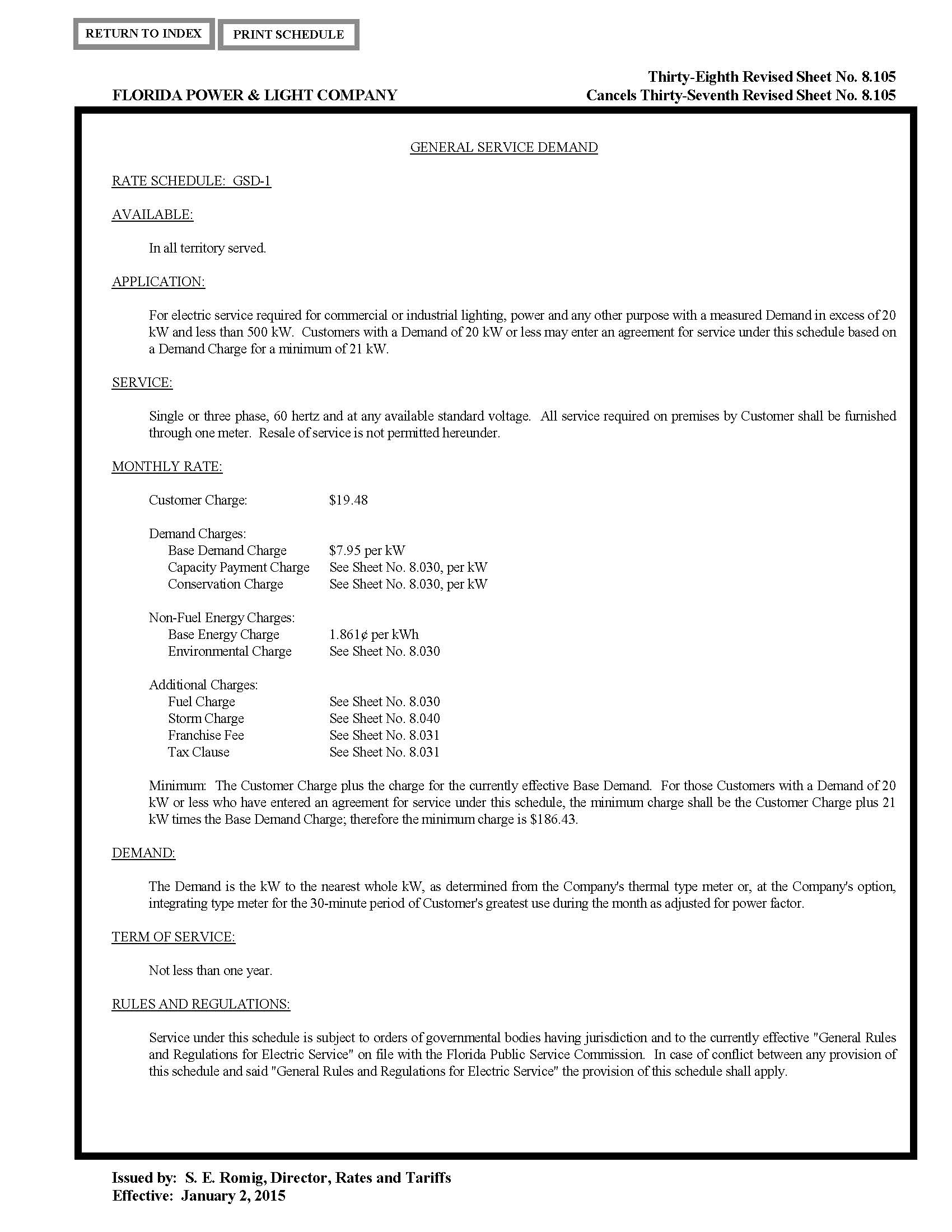
 Should this docket be closed?

Recommendation:

 If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Leathers)

Staff Analysis:

 At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.



1. Complaint Number 1152095E. [↑](#footnote-ref-1)
2. Quoting Order No. PSC-99-1054-FOF-EI, issued May 24, 1999, in Docket No. 981923-EI, In re: Complaint and petition of John Charles Heekin against Florida Power & Light Company (citing Kislak v. Kreedian, 95 So. 2d 510, Fla. 1957). [↑](#footnote-ref-2)
3. See*, e.g.*  Order No. PSC-11-0117-FOF-PU, issued February 17, 2011, in Docket Nos. 100175-TL and 100312-EI, Complaint against AT&T d/b/a BellSouth for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and AT&T regulations pertaining to billing of charges and collection of charges, fees, and taxes; In re: Complaint against Florida Power & Light Company for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and FPL tariffs pertaining to billing of charges and collection of charges, fees, and taxes; Order No. PSC-02-1344-FOF-TL, issued October 3, 2002, in Docket No. 020595-TL, In re: Complaint of J. Christopher Robbins against BellSouth Telecommunications, Inc. for violation of Rule 25-4.073(1)(c), F.A.C., Answering Time; Order No. PSC-12-0252-FOF-EI, issued May 23, 2012, in Docket No. 110305-EI, In re: Initiation of formal proceedings of Complaint No. 1006767E of Edward McDonald against Tampa Electric Company, for alleged improper billing. [↑](#footnote-ref-3)