

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

November 14, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (GOAD) <sup>RG CK</sup>  
DIVISION OF LEGAL SERVICES (WAGNER) <sup>LWRVE</sup> JDJ

RE: DOCKET NO. 961255-EI - FLORIDA POWER CORPORATION -  
PETITION FOR APPROVAL OF PROPOSED CHANGES TO SHEET NO.  
6.121 OF RETAIL TARIFF REGARDING RATE SCHEDULE RS-1  
BUDGET BILLING PLAN (OPTIONAL RIDER) BY FLORIDA POWER  
CORPORATION.

AGENDA: 11/26/96 - REGULAR AGENDA - TARIFF FILING - INTERESTED  
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: DECEMBER 6, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961255.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the proposed revision to Florida Power Corporation's (FPC) Tariff Sheet No. 6.121 to allow the company to terminate billing on the Budget Billing Plan to any customer whose balance due becomes 60 days delinquent?

RECOMMENDATION: Yes. Allowing FPC to terminate billing on the Budget Billing Plan to customers who become 60 days delinquent will reduce the opportunity for customers to accumulate large unpaid balances and default on payment.

STAFF ANALYSIS: FPC offers an optional Budget Billing Plan (BBP) to customers on its RS-1 retail rate schedule. The BBP reduces the peaks and valleys of normal billing created by seasonal usage by averaging twelve months' usage. The levelized billing amount is recomputed every three months. If there is any deferred balance (positive or negative), the customer may elect to pay or receive the difference or have the balance averaged over the next twelve months. FPC maintains that customers subscribing to the BBP who become 60 days delinquent have larger past due balances than customers being traditionally billed because these customers

DOCUMENT NUMBER  
12117 NOV 14 96  
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usually have negative deferred BBP balances. There are 655 customers on the BBP who are more than 60 days delinquent.

FPC requests that the Commission approve revisions to Tariff Sheet No. 6.121 to allow it to remove any customer from the BBP who becomes 60 days delinquent. Consistent with existing tariff language, upon termination of the plan the customer will be responsible to pay his or her account balance in full. To discontinue service to the customer, FPC will still have to follow Commission Rule 25-6.105 (5)(g), Florida Administrative Code, regarding discontinuance of service for non-payment.

Currently, FPC sends a disconnection notice to all residential customers, including those customers on the BBP, whose balance is 60 days or more delinquent. In compliance with Commission Rule 25-6.105 (5)(g), Florida Administrative Code, the customer is notified five days prior to the actual disconnection of service. During this period the customer has the opportunity to request an extension or settle the account in order to continue service. Upon approval of this petition FPC will not allow any customer whose bill is 60 days or more delinquent to remain on the BBP regardless of whether the customer settles his or her account in order to retain service at that time. After a customer is removed from the BBP, he or she will have to wait twelve months to be eligible to participate in the BBP again. Staff agrees with FPC that the proposed change will reduce the opportunity for customers on the BBP to accumulate large unpaid balances and default on payment.

With the exception of FPC, all of the major IOUs in Florida have language in their tariff sheets that allow them to terminate billing on a levelized payment plan if a customer's bill becomes delinquent. This petition seems to be a reasonable attempt to reduce large outstanding balances on BBP accounts that are 60 days or more late.

FPC will notify on a prospective basis all BBP customers who are in danger of becoming 60 days delinquent that in accordance with its new policy, he or she will be removed from the BBP if they become 60 days or more delinquent. All new customers will be made aware of FPC's policy when they sign up for the BBP.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if issue 1 is approved, this tariff should become effective November 26, 1996. If a protest is filed within 21 days from the issuance of the Order, the tariff should remain in effect with any increase in revenue held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.