

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: June 27, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Doherty) *RD EJD PD CR*
Office of the General Counsel (Trierweiler) *WKJ JC*

RE: Docket No. 20180123-EI – Petition for approval of modifications to Section No. IV, general rules and regulations governing electric service, Part VIII billing, residential and non-residential budget billing, by Duke Energy Florida, LLC.

AGENDA: 07/10/18 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 07/23/18 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On May 23, 2018, Duke Energy Florida, LLC (DEF) filed a petition to offer budget billing to commercial customers. The proposed budget billing tariff sheets Nos. 4.086 and 4.087 are shown in Attachment A to this recommendation.¹

Currently, the five Florida investor-owned electric utilities offer optional budget billing for residential customers. The Commission has approved budget billing for commercial customers

¹ DEF's petition included certain other non-substantive tariff changes (i.e., revision to index sheet) that have not been attached to the recommendation.

Docket No. 20180123-EI

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for Florida Power & Light Company² and Gulf Power Company.³ The Commission has jurisdiction under Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

² Order No. PSC-05-0951-TRF-EI, issued October 6, 2005, in Docket No. 20050486-EI, *In re: Petition for approval of optional budget billing program for GS-1 rate customers by Florida Power & Light Company.*

³ Order No. PSC-98-0747-FOF-EI, issued May 29, 1998, in Docket No. 19980530-EI, *In re: Request for approval of Budget Billing tariff revisions by Gulf Power Company.*

Discussion of Issues

Issue 1: Should the Commission approve DEF's petition for approval of budget billing for commercial customers?

Recommendation: Yes. The Commission should approve DEF's petition for approval of budget billing for commercial customers. DEF's proposed tariffs should become effective on July 10, 2018. (Doherty)

Staff Analysis: Currently, budget billing is only offered to residential customers. DEF has proposed to extend the budget billing option to the commercial General Service – 1 (GS-1) and General Service Demand – 1 (GSD-1) class customers. DEF states in its petition that it can provide better customer service by extending the budget billing to commercial customers without affecting the general body of ratepayers.

Budget billing is an optional program that allows customers to reduce the variations in monthly bills that result from seasonal fluctuations in the usage of electricity. This leveling of the bill allows customers to more easily budget their electricity expenses. The methodology for determining the monthly budget bill for commercial customers will be the same as the methodology for determining the monthly budget bill for residential customers. The customer is billed based upon an average of their last 12 months' kilowatt-hour (kWh) usage, rather than for their actual monthly usage.

The amount billed using the average method is subtracted from the amount which would have been billed based on actual usage. This difference is credited to a deferred balance account which maintains a running total of over- and under-collection. DEF recalculates the monthly budget billing amount every third month using the most recent 12 months' billings plus any deferred balances. If the difference between the current and the newly calculated monthly budget billing amount is greater than 10 percent, the monthly budget billing amount will be re-established.

Customers may request termination of the budget billing at any time. Upon termination of the plan or disconnection of service, the customer must settle the account in full. Once the customer has been terminated, the customer may not rejoin the plan for 12 months.

The residential budget billing tariff provision is currently included on residential tariff sheet No. 6.121. DEF proposed to include the residential budget billing tariff provision, together with the proposed commercial budget billing provision, in its general rules and regulations section of its tariff, as shown in Attachment A.

Conclusion

Staff has reviewed DEF's petition for approval of its budget billing for its commercial customers. Participation in the program is optional and will provide DEF's commercial customers with benefits of budget billing that are currently available to its residential customers. Therefore, staff recommends that the Commission approve DEF's petition for approval of budget billing for commercial customers. DEF's proposed tariffs should become effective on July 10, 2018.

Issue 2: Should this docket be closed?

Recommendation: Yes. If a protest is filed within 21 days of the issuance of the order, these tariffs should remain in effect with any increase 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. (Trierweiler)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, these tariffs should remain in effect with any increase 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
 ORIGINAL SHEET NO. 4.086

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**PART VIII
 BILLING
 (Continued)**

8.09 Budget Billing Plan (Optional):

Residential

A customer may elect to be billed for service hereunder by an alternative-billing plan called the "Budget Billing Plan." This billing plan provides for payments on an averaged monthly installment basis rather than payments on an actual monthly usage basis.

Under the Budget Billing Plan, the monthly billing is determined as follows:

1. The Annual Base Amount is calculated using the most recent twelve (12) months' billings for the premise and then averaged and rounded to the nearest whole dollar (Monthly Budget Billing Amount). If the customer has not resided at the premise for twelve (12) months, the Annual Base Amount will be determined by the customer's available monthly billings plus the previous occupant's billings. If the premise is new, a twelve (12) month estimated billing would be used.
2. The Monthly Budget Billing Amount is recalculated every third month using the most recent Annual Base Amount plus any deferred balances (the difference in prior billings made under the Budget Billing Plan and that of actual charges).

$$\text{Monthly Budget Billing Amount} = \frac{\text{12 Month Summation Actual or Est. Annual Base} + \text{Deferred Balance}}{12}$$

If the difference between the newly calculated Monthly Budget Billing Amount and the current Monthly Budget Billing Amount is greater than \$5 or 10%, then the Monthly Billing Amount will be re-established at the newly calculated amount (rounded to the nearest whole dollar).

3. At the customer's option (in lieu of carrying the deferred balance forward in the recalculation of the Monthly Budget Billing Amount) any deferred balance that is outstanding at the customer's annual review may be settled either through being applied to the customer's next bill (if a credit balance) or direct payment to the Company (if a debit balance).

A customer may request termination of the Budget Billing Plan at any time. The Company may terminate application of the Plan to any Customer whose balance due becomes sixty (60) days delinquent. Upon termination of the Plan or disconnection of service, the Customer must settle the account in full. Once the Customer has terminated, he or she may not rejoin the plan for twelve (12) months.

Non-residential

Any GS-1 or GSD-1 Customer who has

- no delinquent balances;
- has been at the same location for 12 consecutive months with the Company;
- not had more than one (1) late payment notice during the preceding 12 months;
- not made a payment with a dishonored check during the preceding 12 months;
- not had a disconnection of service for nonpayment of bill during preceding 12 months;
- the total required deposit; and
- met the Company's requirements for the establishment of credit

(Continued on Next Page)

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



SECTION NO. IV
ORIGINAL SHEET NO. 4.087

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PART VIII
BILLING
(Continued)

is eligible to participate in the Budget Billing Plan described below for GS-1 and GSD-1 rate billings. However, GS-1 or GSD-1 Customers that participate in the Premier Power Service Rider and/or Summary Billing will not be eligible to participate in this Budget Billing Plan. A Customer may terminate participation in the Budget Billing Plan at any time and may be terminated from the Budget Billing Plan by Duke Energy Florida, LLC if the Customer becomes subject to collection action on this service account. Once a Customer's participation in the Budget Billing Plan has terminated he/she may not rejoin the Budget Billing Plan for twelve (12) months following the date of termination.

This billing plan provides for payments on an averaged monthly installment basis rather than payments on an actual monthly usage basis.

Under the Budget Billing Plan, the monthly billing is determined as follows:

1. The Annual Base Amount is calculated using the most recent twelve (12) months' billings for the premise and then averaged and rounded to the nearest whole dollar (Monthly Budget Billing Amount).
2. The Monthly Budget Billing Amount is recalculated every third month using the most recent Annual Base Amount plus any deferred balances (the difference in prior billings made under the Budget Billing Plan and that of actual charges).

$$\begin{array}{rcl} \text{Monthly Budget} & & + \\ \text{Billing Amount} & = & \text{Deferred} \\ & & \text{Balance} \\ & & \hline & & 12 \end{array}$$

If the difference between the newly calculated Monthly Budget Billing Amount and the current Monthly Budget Billing Amount is greater than 10% then the Monthly Billing Amount will be re-established at the newly calculated amount (rounded to the nearest whole dollar).

3. At the customer's option (in lieu of carrying the deferred balance forward in the recalculation of the Monthly Budget Billing Amount) any deferred balance that is outstanding at the customer's annual review may be settled either through being applied to the customer's next bill (if a credit balance) or direct payment to the Company (if a debit balance).

A customer may request termination of the Budget Billing Plan at any time. The Company may terminate application of the Plan to any Customer whose balance due becomes fourteen (14) calendar days delinquent. Termination of any one account for delinquency may subject all other Customer's participating accounts to termination of the plan. Upon termination of the Plan or disconnection of service, the Customer must settle the account in full. Once the Customer has terminated, he or she may not rejoin the plan for twelve (12) months.

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