

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

October 31, 1996

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

FROM: DIVISION OF ELECTRIC & GAS (GOAD)^{Rg} ^{CS}
DIVISION OF LEGAL SERVICES (WAGNER)^{LW} RVE RLT

RE: DOCKET NO. 961192-EI - GULF POWER COMPANY - PETITION FOR APPROVAL OF PROPOSED CHANGES TO SHEET NO. 6.14 OF RETAIL TARIFF REGARDING RATE SCHEDULE LB LEVELIZED BILLING (OPTIONAL RIDER) BY GULF POWER COMPANY.

AGENDA: NOVEMBER 12, 1996 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: DECEMBER 2, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961192EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Gulf Power Company's (Gulf) petition to revise Tariff Sheet No. 6.14, modifying its optional levelized billing rate (LB)?

RECOMMENDATION: Yes. The proposed revisions to Tariff Sheet No. 6.14 will reduce the frequency of adjustments for customers subscribing to the LB rate.

STAFF ANALYSIS: Levelized billing reduces the peaks and valleys of normal billing created by seasonal usage by averaging twelve months usage. Gulf requests that the Commission approve revisions to Tariff Sheet No. 6.14, to allow it to reduce from monthly to quarterly adjustments for residential customers choosing the levelized billing option.

Currently, Gulf calculates the levelized amount by summing the actual kWh consumption for the previous eleven months and the current month, plus one-twelfth of any accumulated difference between the average amount billed and the actual amount owed the Company; the total sum of these amounts is then divided by twelve. If actual consumption is not available, the annual bill is

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based on estimated consumption. By using this method it is possible that the customer's bill will vary slightly each month. However, Gulf limits the maximum month-to-month variation to plus or minus ten percent of the levelized amount. Currently there are 15,361 customers using this billing option. All residential customers are notified of the availability of this billing option at least annually.

Gulf's proposed changes to Rate Schedule LB alter the frequency of billing adjustments from monthly to quarterly. Gulf will calculate the billing amount by summing the most recent twelve month's billing for the premises plus any deferred balance accumulated by the customer; this amount will then be divided by twelve. If the customer has not resided at the premises for twelve months, the customer's available monthly billings plus the previous occupant's billings will be used. If the premises is new, a twelve-month estimate will be used. These calculations will be done every three months. If the difference between the newly calculated monthly levelized billing amount and the existing monthly levelized billing amount is greater than \$5.00 or 10 percent (10 percent is only applicable for bills under \$50.00) of the previous levelized amount, the monthly levelized billing amount is reestablished at the newly calculated amount, rounded to the nearest whole dollar. The customer also has the option of not carrying any deferred balance forward, but having it debited or credited, as appropriate, to his account on the next bill.

Gulf's proposed Levelized Billing revision is the same as Florida Power Corporation's option in its Rate Schedule RS-1, Residential Service, on Fourth Revised Sheet No. 6.121 that was effective April 18, 1995.

In addition, to the above mentioned revisions, Gulf also added language to clarify the relationship between the levelized billing plan and any service agreement between it and the customer. This language does not represent a substantive change to the tariff sheet.

Staff recommends that the Commission approve Gulf's revised tariff because Gulf's proposed tariff will benefit Gulf's ratepayers, customers using the optional Levelized Billing option, and does not create any significant disadvantage for Gulf.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved this tariff should become effective February 1, 1997. If a protest is filed within 21 days from the issuance of the Order, the tariff 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.

STAFF ANALYSIS: Gulf requests that the tariff become effective February 1, 1997. Gulf maintains that this effective date will coincide with Gulf's ability to administer and implement this tariff revision in its billing system. At the conclusion of the protest period, if no protest is filed, the docket should be closed.