



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: JANUARY 21, 1999

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

FROM: DIVISION OF APPEALS (BELLAK) *RCB DWES*
 DIVISION OF ELECTRIC AND GAS (WHEELER, GOAD, JENKINS) *RCJ*
 DIVISION OF RESEARCH & REGULATORY REVIEW (HEWITT) *CEH*

RE: DOCKET NO. 981104-EU - PROPOSED AMENDMENT OF RULE 25-6.049, F.A.C., MEASURING CUSTOMER SERVICE

AGENDA: 2/2/99 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\981104.RCM

DOCUMENT NUMBER-DATE
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 PSC-RECORDS/REPORTING

CASE BACKGROUND

This proposed rule amendment arises from the Commission's decision regarding a Petition for Declaratory Statement filed by Florida Power Corporation (FPC) on November 24, 1997. In that petition, FPC was asking that the Commission interpret a provision of Rule 25-6.049, Florida Administrative Code addressing the requirement for individual electric metering of occupancy units in buildings whose construction commenced before January 1, 1981. In its order on FPC's petition, the Commission directed the staff to initiate rulemaking. This recommendation addresses staff's proposed rule amendment.

Pursuant to a Notice filed in the Florida Administrative Weekly, interested persons were given the opportunity to request a workshop. No requests were received. As indicated by the memorandum filed by the Division of Research and Regulatory Review,

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it was not necessary to prepare a Statement of Estimated Regulatory Costs for the proposed rule amendment.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose the attached amendments to Rule 25-6.049, Florida Administrative Code?

RECOMMENDATION: Yes. Staff's proposed rule amendment reflects the changes it believes are appropriate to clarify the provisions of Rule 25-6.049, Florida Administrative Code regarding the requirements for individual metering of buildings constructed before 1981. [WHEELER, GOAD]

STAFF ANALYSIS: On November 24, 1997, Florida Power Corporation (FPC) filed a Petition for Declaratory Statement seeking a declaration from the Commission regarding Rule 25-6.049(5)-(7), Florida Administrative Code, as it applies to the requirement for individual electric metering by the utility. Paragraph (5) (a) of the rule requires individual electric metering by the utility:

...for each separate occupancy unit of new commercial establishments, residential buildings, condominiums, cooperatives, marinas, and trailer, mobile home and recreational vehicle parks for which construction is commenced after January 1, 1981. [Emphasis added]

FPC requested that the Commission affirm that the rule does not allow individually metered occupancy units to become eligible for master metering solely by virtue of the fact that their construction commenced before January 1, 1981.

In its petition, FPC stated that it had received several inquiries regarding the conversion of pre-1981 buildings from individual metering to master metering. FPC pointed to one case in particular, a request by Redington Towers Condominium Buildings One and Three for FPC to provide commercial service to master meters. Both buildings were constructed before 1981 and are individually metered by FPC. FPC declined Redington Towers' request based on its interpretation of Rule 25-6.049, Florida Administrative Code.

Redington Towers One Condominium Association, Inc. and Redington Towers Three Condominium Association, Inc. each filed a "Brief for Declaratory Statement" addressing FPC's petition. In their briefs, they disagreed with FPC's interpretation of the Master Metering rule. They argued that the rule allows master metering for all pre-1981 buildings, as described in paragraph (5)(a), even if the buildings were individually metered as of January 1, 1981. Each brief pointed to its sister building,

Redington Towers Two, which applied for and was granted permission to switch to master metering and to be billed commercially. Redington Towers Two, like One and Three, was constructed before 1981.

In its request for a declaratory statement, FPC acknowledged that it converted Redington Towers Two based on a literal reading of the rule. However, FPC stated that since the conversion of Redington Towers Two it has become aware of concerns expressed by this Commission that led to its current interpretation of the rule. For this reason and others, FPC sought codification of its interpretation by a Commission declaration.

At the March 10, 1998 Agenda Conference, the Commission agreed with FPC's interpretation of the rule by stating

...the reading sought by Redington Towers One and Three would result in an interpretation in which they could switch back and forth between individual and master meters simply because they were constructed prior to 1981. This is not what we intended by paragraph (5)(a) of Rule 25-6.049. Instead, what was intended was to allow master metered building constructed before 1981 to remain master metered to avoid retroactive application of the rule. [Order No. PSC-98-0449-FOF-EI, Page 3]

However, the Commission concluded that FPC's request was too broad, so instead, the Commission declared

...that the individually metered occupancy units in Redington Towers One and Three are not eligible for conversion to master metering pursuant to Rule 25-6.049 by virtue of having been constructed on or before January 1, 1981. [Order No. PSC-98-0449-FOF-EI, Page 3]

The Commission also ordered staff to initiate rulemaking to decide whether Rule 25-6.049(5)(a) should be amended to clarify the provision regarding the status of pre-1981 buildings.

The staff's proposed rule amendment would clarify the rule to say that pre-1981 facilities without individual metering are not required to install individual meters, but that those pre-1981 facilities that already have individual metering are not permitted to convert to master metering solely by virtue of their age. Staff believes that the proposed amendment comports with the finding made by the Commission in its order on FPC's Petition for Declaratory Statement.

ISSUE 2: Should a generic docket be opened to investigate measures to mitigate the impact of individual customer charges on low income customers as a result of Rule 25-6.049(5)(a), Florida Administrative Code?

RECOMMENDATION: Yes. [JENKINS]

STAFF ANALYSIS: While staff believes the proposed change shown in Issue 1 addresses the Commission's concern raised in the Redington Towers case, there is another aspect to the master metering issue staff still believes needs to be addressed. Master metering reduces customers' bills. For low usage residential customers, the customer charge can be a significant percentage of the total electric bill. Converting to a master-meter situation eliminates the individual customer charge since from the utility's perspective there is only one customer (the master-metered entity) and one customer charge. If a collective group of customers were able to eliminate their individual customer charges and pay a pro rata amount of a single customer charge there would be a significant cost savings, all other things being equal. The impact of the customer charge was illustrated in Docket No. 970647, which addressed a request by residents of a travel trailer park to convert from single metering to a master meter. In fact, the Commission concluded in Dunedin Beach Campground's petition for waiver of Rule 25-6.049 that, in part, the customer charge imposed a substantial hardship on the petitioners. [Order No. PSC-97-1352-FOF-EU, Page 5]

The common argument against converting currently individually metered residences to a master-meter is that commercial rates available under a master meter were not designed to capture the cost characteristics of residential customers who typically have lower load factors than commercial customers. Conversion may shift costs from the converted customers to the general body of ratepayers. It may be desirable to pursue an option that would allow low income customers to reduce their bills while at the same time not creating a cost burden on the utility or other customers. Staff believes that there has been enough interest in the matter to open a docket and conduct a complete investigation into alternatives to a customer charge for low income customers.

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ISSUE 3: If no requests for hearing or comments are filed, should the rule amendments as proposed be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Unless comments or requests for hearing are filed, the rule as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments:

Rule
SERC Memorandum

1 **25-6.049 Measuring Customer Service.**

2 (1) All energy sold to customers shall be measured by
3 commercially acceptable measuring devices owned and maintained by
4 the utility, except where it is impractical to meter loads, such as
5 street lighting, temporary or special installations, in which case
6 the consumption may be calculated, or billed on demand or connected
7 load rate or as provided in the utility's filed tariff.
8

9 (2) When there is more than one meter at a location the
10 metering equipment shall be so tagged or plainly marked as to
11 indicate the circuit metered. Where similar types of meters record
12 different quantities, (kilowatt-hours and reactive power, for
13 example), metering equipment shall be tagged or plainly marked to
14 indicate what the meters are recording.

15 (3) Meters which are not direct reading shall have the
16 multiplier plainly marked on the meter. All charts taken from
17 recording meters shall be marked with the date of the record, the
18 meter number, customer, and chart multiplier. The register ratio
19 shall be marked on all meter registers. The watt-hour constant for
20 the meter itself shall be placed on all watt-hour meters.

21 (4) Metering equipment shall not be set "fast" or "slow" to
22 compensate for supply transformer or line losses.
23

24 (5) (a) Individual electric metering by the utility shall be
25 required for each separate occupancy unit of ~~new~~ commercial

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~~struck through~~ type are deletions from existing law.

1 establishments, residential buildings, condominiums, cooperatives,
2 marinas, and trailer, mobile home and recreational vehicle parks
3 ~~for which construction is commenced after January 1, 1981.~~

4 Individual electric meters shall not, however, be required:

5
6 1. For each separate occupancy unit of commercial establishments,
7 residential buildings, condominiums, cooperatives, marinas, and
8 trailer, mobile home and recreational vehicle parks for which
9 construction commenced prior to January 1, 1981 and which are not
10 currently individually metered.

11
12 21. In those portions of a commercial establishment where the
13 floor space dimensions or physical configuration of the units are
14 subject to alteration, as evidenced by non-structural element
15 partition walls, unless the utility determines that adequate
16 provisions can be made to modify the metering to accurately reflect
17 such alterations;

18 32. For electricity used in central heating, ventilating and air
19 conditioning systems, or electric back up service to storage
20 heating and cooling systems;

21 43. For electricity used in specialized-use housing accommodations
22 such as hospitals, nursing homes, living facilities located on the
23 same premises as, and operated in conjunction with, a nursing home
24 or other health care facility providing at least the same level and
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1 types of services as a nursing home, convalescent homes, facilities
2 certificated under Chapter 651, Florida Statutes, college
3 dormitories, convents, sorority houses, fraternity houses, motels,
4 hotels, and similar facilities;

5 54. For separate, specially-designated areas for overnight
6 occupancy at trailer, mobile home and recreational vehicle parks
7 and marinas where permanent residency is not established.

8 65. For new and existing time-share plans, provided that all of
9 the occupancy units which are served by the master meter or meters
10 are committed to a time-share plan as defined in Section 721,
11 Florida Statutes, and none of the occupancy units are used for
12 permanent occupancy. When a time-share plan is converted from
13 individual metering to master metering, the customer must reimburse
14 the utility for the costs incurred by the utility for the
15 conversion. These costs shall include, but not be limited to, the
16 undepreciated cost of any existing distribution equipment which is
17 removed or transferred to the ownership of the customer, plus the
18 cost of removal or relocation of any distribution equipment, less
19 the salvage value of any removed equipment.
20

21 (b) For purposes of this rule:

22 1. "Occupancy unit" means that portion of any commercial
23 establishment, single and multi-unit residential building, or
24 trailer, mobile home or recreational vehicle park, or marina
25

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1 which is set apart from the rest of such facility by clearly
2 determinable boundaries as described in the rental, lease, or
3 ownership agreement for such unit.

4 2. The construction of a new commercial establishment,
5 residential building, marina, or trailer, mobile home or
6 recreational vehicle park shall be deemed to commence on the
7 date when the building structure permit is issued.

8 3. "Overnight Occupancy" means use of an occupancy unit for
9 a short term such as per day or per week where permanent
10 residency is not established.

11 4. The term "cost", as used herein means only those charges
12 specifically authorized by the electric utility's tariff,
13 including but not limited to the customer, energy, demand,
14 fuel, and conservation charges made by the electric utility
15 plus applicable taxes and fees to the customer of record
16 responsible for the master meter payments. The term does not
17 include late payment charges, returned check charges, the cost
18 of the distribution system behind the master meter, the cost
19 of billing, and other such costs.
20

21 (6)(a) Where individual metering is not required under
22 Subsection (5)(a) and master metering is used in lieu thereof,
23 reasonable apportionment methods, including sub-metering may be
24 used by the customer of record or the owner of such facility solely
25

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1 for the purpose of allocating the cost of the electricity billed by
2 the utility.

3 (b) Any fees or charges collected by a customer of record for
4 electricity billed to the customer's account by the utility,
5 whether based on the use of sub-metering or any other allocation
6 method, shall be determined in a manner which reimburses the
7 customer of record for no more than the customer's actual cost of
8 electricity.

9 (7) Each utility shall develop a standard policy governing
10 the provisions of sub-metering as provided for herein. Such policy
11 shall be filed by each utility as part of its tariffs. The policy
12 shall have uniform application and shall be nondiscriminatory.

13 **Specific Authority 366.05(1) FS.**

14 **Law Implemented 366.05(3) FS.**

15 **History--Amended 7-29-69, 11-26-80, 12-23-82, 12-28-83, Formerly**
16 **25-6.49, Amended 7-14-87, 10-5-88, 3/23/97.**

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MEMORANDUM

January 11, 1999

99 JAN 11 10:22

TO: DIVISION OF APPEALS (BELLAK)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CBH* *NO* *Amr*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR DOCKET NO. 981104-EU, PROPOSED REVISIONS TO RULE 25-6.049, F.A.C., MEASURING CUSTOMER SERVICE

Currently, Rule 25-6.049, F.A.C., Measuring Customer Service, contains the requirement for individual electric metering of occupancy units in facilities where construction commenced after January 1, 1981.

The proposed rule amendment would clarify that the metering exception for occupancy units constructed prior to January 1, 1981, only applies to those facilities with existing master metering. The existing rule was not intended to allow conversion of a facility to master metering solely because construction commenced prior to January 1, 1981.

The Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). However, because the proposed rule change would be for clarification purposes and because there should be no significant additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a SERC will not be prepared for the proposed rule change.

Please keep my name on the CASR.

CBH:tf/e-memo99

cc: Mary Andrews Bane
Hurd Reeves
Reese Goad