

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for permanent waiver of requirements of Rules 25-7.084(2) and 25-7.085(4), F.A.C., to fully recognize the accuracy and efficiency benefits of automatic meter readings, by Florida Division of Chesapeake Utilities Corporation.

DOCKET NO. 080547-GU
ORDER NO. PSC-08-0730-PAA-GU
ISSUED: November 3, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RULE WAIVER

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BACKGROUND

On August 15, 2008, the Florida Division of Chesapeake Utilities Corporation (Chesapeake) filed a petition for a permanent waiver of the requirements of Rules 25-7.084(2) and 25-2.085(4) and (5), F.A.C., to the extent that they require an actual reading of the mechanical counter of a customer's meter. Chesapeake is installing automatic meter reading (AMR) equipment throughout its system, and it is asking for this rule waiver so that it will be able to take full advantage of the benefits of the new equipment.

A Florida Administrative Weekly (FAW) notice was issued September 12, 2008, advising that the petition was received and providing for a 14 day comment period. The comment period expired on September 26, 2008. No comments were received.

As explained in detail below, we approve the rule waiver, with the understanding that Chesapeake has agreed to physically read its customers' meters once a year. We have jurisdiction over this matter pursuant to Sections 120.542, 366.05, and 366.06, Florida Statutes (F.S.).

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

DECISION

Rule 25-7.084(2), F.A.C. provides as follows:

(2) When an electronic meter is used to determine volumes consumed, the customer's bill may be rendered from data received electronically, however, the mechanical counter of the metering device shall be read monthly. When available, both corrected and uncorrected total volumetric readings shall be recorded. (Emphasis supplied)

Similarly, in connection with estimated billing, Rule 25-7.085(4), F.A.C. provides:

(4) When there is sufficient cause, estimated billings may be used by a utility provided that with the customer's third consecutive estimated billing the customer is informed of the reason for the estimation and whom to contact to obtain an actual meter reading if one is desired. An actual meter reading must be taken at least once every six (6) months. If an estimated bill appears to be abnormal once an actual meter reading is obtained, the bill for the entire estimation period shall be computed at a rate based on use of service during the entire period and the estimated bill shall be deducted. If there is substantial evidence that such use occurred during only one (1) billing period, the bill shall be computed. (Emphasis supplied)

Finally, Rule 25-7.085(5), F.A.C., provides that: "[r]egular meter reading dates may be advanced or postponed not more than five (5) days without a proration of the billing for the period." (Emphasis supplied)

The language in Rule 25-7.084, F.A.C., concerning the use of electronic meters to measure volume was adopted in 1995 in response to a Federal Energy Regulatory Commission provision requiring local distribution companies to determine their transportation customers' volumes as of 3 p.m. on the first day of each month to avoid scheduling penalties. Our staff's recommendation in Docket No. 950815-GU, In re: Proposed revision of Rule 25-7.084, F.A.C., Meter Readings; and Rule 25-7.085, F.A.C., Customer Billing, stated:

Because it is neither practical nor efficient to station a meter reader at each transportation customer's location to get an exact 3 p.m. reading, some of the LDC's have installed electronic metering devices at each location. The electronic metering devices transmit customer consumption data to the central office facility on a continuous basis. The technology allows the utility to capture, from a remote location at exactly the same time of day, the volume of gas consumed by all transportation customers.

The recommendation went on to note that physical reading of the meters would still be required to ensure the accuracy of customer usage records and resolve customer complaints.

Chesapeake is presently installing AMR equipment throughout its system. After an eighteen-month investigation and a three-month pilot program to test the accuracy and reliability of the equipment, Chesapeake chose the STAR AMR program, which uses a pulse sensor installed on each meter that registers measurement of gas consumption and transmits that information to data collection units throughout Chesapeake's system. The data collection units then send the information to a central processing computer on a daily basis. Chesapeake states that AMR technology has substantially improved in the thirteen years since we last addressed this issue, and is now widely used throughout the gas industry for all purposes. The AMR technology allows Chesapeake to read customers' meters electronically and use the information obtained for billing purposes without physically visiting the meter site. In its petition, Chesapeake identifies several benefits to the new system, including reduced personnel costs for meter readers, the ability to monitor usage more closely to detect leaks, and the ability to reduce or eliminate the need to estimate customers' bills. It also eliminates the need for customers to secure animals or unlock gates to allow meter readings. Upon full roll-out of new meters, gas marketers will also have real-time access to daily consumer usage to better gauge daily gas usage and reduce monthly supply imbalance resolution costs, reducing overall transactions costs to all customers.

Chesapeake asserts that if its waiver petition is approved, it does not intend to continue unnecessary monthly meter readings at the customers' premises, but it agreed to conduct a yearly physical meter reading at the customers' premises. Chesapeake states that it will continue to comply with all safety rules regarding meter installation and inspection. Chesapeake also states that it will maintain adequate records to review meter accuracy and resolve customer complaints, and with the new technology, it will not need to estimate customers' bills.

Section 120.542, F.S., authorizes us to grant variances or waivers to the requirements of its rules where the person subject to the rules has demonstrated that the underlying purpose of the statute has been or will be achieved by other means, and strict application of the rules would cause the person substantial hardship or would violate principles of fairness. "Substantial hardship" as defined in this section means demonstrated economic, technological, legal, or other hardship.

The underlying statutory provisions pertaining to the above-mentioned rules are Section 366.05(1), F.S., and Section 366.06(1), F.S. Section 366.05(1) provides, in pertinent part, that in the exercise of its jurisdiction:

[T]he commission shall have the power to prescribe fair and reasonable rates and charges, classifications, standards of quality and measurements . . . for purposes of ensuring the reliable provision of service, and service rules and regulations to be observed by each public utility; to require repairs, improvements, additions, replacements, and extensions to the plant and equipment of any public utility when reasonably necessary to promote the convenience and welfare of the public and secure adequate service or facilities for those reasonably entitled thereto. . . .

Chesapeake states that its new AMR equipment will fulfill the underlying purpose of these statutes by providing accurate and reliable measurement of consumption, increasing

efficiency, and providing cost savings benefits to the company and its customers. Chesapeake asserts that electronic meter reading technologies have improved in recent years, and are widely used throughout the natural gas industry and other utility industries. Chesapeake believes that since the new AMR system will collect customer usage data on a daily basis, it will have more information to address customer complaints than it currently can collect. Chesapeake states that if it is required to physically read its customers' meters regularly, it and its customers will not recognize the full benefits of the new AMR system and will therefore suffer substantial economic and technological hardship.

We find that Chesapeake has adequately demonstrated that it is entitled to a rule waiver under the criteria of Section 120.542, F.S. Therefore, we grant the waiver of Rules 25-7.084(2) and 25-7.085(4) and (5), F.A.C., to the extent that the rules require an actual reading of the mechanical counter of a customer's meter, with the understanding that Chesapeake will conduct a physical reading of its meters once a year.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition for permanent waiver of requirements of Rules 25-7.084(2) and 25-7.085(4), F.A.C. filed by Florida Division of Chesapeake Utilities Corporation is granted as set forth herein. It is further

ORDERED that if no person whose interests are substantially affected files a protest within 21 days of the issuance of this Proposed Agency Action Order, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 3rd day of November, 2008.



ANN COLE
Commission Clerk

(S E A L)

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 24, 2008.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.