

STATE OF FLORIDA

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OFFICE OF THE GENERAL COUNSEL  
S. CURTIS KISER  
GENERAL COUNSEL  
(850) 413-6199

Public Service Commission

May 24, 2012

Kenneth J. Plante, Coordinator  
Joint Administrative Procedures Committee  
Room 680, Pepper Building  
111 W. Madison Street  
Tallahassee, FL 32399-1400

RECEIVED-PPSC  
12 MAY 24 AM 10:11  
COMMISSION  
CLERK

RE: Docket No. 120125-PU; Rules 25-6.097, 25-7.083, and 25-30.311, F.A.C.

Dear Mr. ~~Plante~~ *Ken*:

Enclosed are the following materials concerning the above referenced proposed rules:

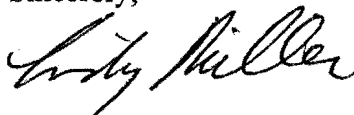
1. A copy of the proposed rules.
2. A copy of the F.A.W. notices.
3. A statement of facts and circumstances justifying the proposed rules.
4. A federal standards statement.
5. Statement of Estimated Regulatory Costs for the rules.

120125-PU  
MAY 24 2012  
PPSC-COMMISSION CLERK

Mr. Kenneth J. Plante  
May 24, 2012  
Page 2

If there are any questions with respect to these rules, please do not hesitate to call me at 413-6082.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cindy Miller".

Cindy Miller  
Senior Attorney

Enclosures

cc: Office of Commission Clerk

1 | 25-6.097 Customer Deposits.

2 | (1) Deposit required; establishment of credit. Each company's tariff shall contain their specific  
3 | criteria for determining the amount of initial deposit. Each utility may require an applicant for  
4 | service to satisfactorily establish credit, but such establishment of credit shall not relieve the  
5 | customer from complying with the utilities' rules for prompt payment of bills. Credit will be  
6 | deemed so established if:

7 | (a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for  
8 | the service requested. For residential customers, a satisfactory guarantor shall, at the  
9 | minimum, be a customer of the utility with a satisfactory payment record. For non-residential  
10 | customers, a satisfactory guarantor need not be a customer of the utility. Each utility shall  
11 | develop minimum financial criteria that a proposed guarantor must meet to qualify as a  
12 | satisfactory guarantor. A copy of the criteria shall be made available to each new non-  
13 | residential customer upon request by the customer. A guarantor's liability shall be terminated  
14 | when a residential customer whose payment of bills is secured by the guarantor meets the  
15 | requirements of subsection (2) of this rule. Guarantors providing security for payment of  
16 | residential customers' bills shall only be liable for bills contracted at the service address  
17 | contained in the contract of guaranty.

18 | (b) The applicant pays a cash deposit.

19 | (c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety  
20 | bond.

21 | (2) Refund of deposits. After a customer has established a satisfactory payment record and has  
22 | had continuous service for a period of 23 months, the utility shall refund the residential  
23 | customer's deposits and shall, at its option, either refund or pay the higher rate of interest  
24 | specified below for nonresidential deposits, providing the customer has not, in the preceding  
25 | 12 months.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions  
from existing law.

- 1 (a) Made more than one late payment of a bill (after the expiration of 20 days from the date of  
2 mailing or delivery by the utility).
- 3 (b) Paid with a check refused by a bank.
- 4 (c) Been disconnected for nonpayment, or at any time.
- 5 (d) Tampered with the electric meter, or
- 6 (e) Used service in a fraudulent or unauthorized manner.
- 7 (3) New or additional deposits. A utility may require, upon reasonable written notice of not  
8 less than thirty (30) days, a new deposit, where previously waived or returned, or additional  
9 deposit, in order to secure payment of current bills. Such request shall be separate and apart  
10 from any bill for service and shall explain the reason for such new or additional deposit,  
11 provided, however, that the total amount of the required deposit shall not exceed an amount  
12 equal to twice the average charges for actual usage of electric service for the twelve month  
13 period immediately prior to the date of notice. In the event the customer has had service less  
14 than twelve months, then the utility shall base its new or additional deposit upon the average  
15 actual monthly usage available.
- 16 (4) Interest on deposits.
- 17 (a) Each electric utility which requires deposits to be made by its customers shall pay a  
18 minimum interest on such deposits of 2.6 percent per annum. The utility shall pay an interest  
19 rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under  
20 subsection (2) when the utility elects not to refund such deposit after 23 months. Such interest  
21 rates shall be applied within 45 days of the effective date of the rule.
- 22 (b) The deposit interest shall be simple interest in all cases and settlement shall be made  
23 annually, either in cash or by credit on the current bill. This does not prohibit any utility  
24 paying a higher rate of interest than required by this rule. No customer depositor shall be  
25 entitled to receive interest on his deposit until and unless a customer relationship and the

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1 deposit have been in existence for a continuous period of six months, then he shall be entitled  
2 to receive interest from the day of the commencement of the customer relationship and the  
3 placement of deposit. Nothing in this rule shall prohibit a utility from refunding at any time a  
4 deposit with any accrued interest.

5 (5) Record of deposits. Each utility having on hand deposits from a customer or hereafter  
6 receiving deposits from them shall keep records to show:

- 7 (a) The name of each customer making the deposit;
- 8 (b) The premises occupied by the customer;
- 9 (c) The date and amount of deposit; and
- 10 (d) Each transaction concerning the deposits such as interest payments, interest credited or  
11 similar transactions.

12 (6) Receipt for deposit. A non-transferable certificate of deposit shall be issued to each  
13 customer and means provided so that the customer may claim the deposit if the certificate is  
14 lost. Where a new or additional deposit is required under subsection (3) of this rule, a  
15 customer's cancelled check or validated bill coupon may serve as a deposit receipt.

16 (7) Refund of deposit when service is discontinued. Upon termination of service, the deposit  
17 and accrued interest may be credited against the final account and the balance, if any, shall be  
18 returned promptly to the customer but in no event later than fifteen (15) days after service is  
19 discontinued.

20 *Specific Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.041(1), 366.05(1), 366.06(1) FS. History—New 7-*  
21 *29-69, Amended 5-9-76, 7-8-79, 6-10-80, 10-17-83, 1-31-84, Formerly 25-6.97, Amended 10-13-88, 4-25-94, 3-14-99.*

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CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

1 25-7.083 Customer Deposits.

2 (1) Deposit required; establishment of credit. Each company's tariff shall contain their specific  
3 criteria for determining the amount of initial deposit. Each utility may require an applicant for  
4 service to satisfactorily establish credit, but such establishment of credit shall not relieve the  
5 customer from complying with the utilities' rules for prompt payment of bills. Credit will be  
6 deemed so established if:

7 (a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for  
8 the service requested. For residential customers, a satisfactory guarantor shall, at the  
9 minimum, be a customer of the utility with a satisfactory payment record. For non-residential  
10 customers, a satisfactory guarantor need not be a customer of the utility. Each utility shall  
11 develop minimum financial criteria that a proposed guarantor must meet to qualify as a  
12 satisfactory guarantor. A copy of the criteria shall be made available to each new non-  
13 residential customer upon request by the customer. A guarantor's liability shall be terminated  
14 when a residential customer whose payment of bills is secured by the guarantor meets the  
15 requirements of subsection (6) of this rule. Guarantors providing security for payment of  
16 residential customers' bills shall only be liable for bills contracted at the service address  
17 contained in the contract of guaranty.

18 (b) The applicant pays a cash deposit.

19 (c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety  
20 bond.

21 (2) Receipt for deposit. A non-transferable certificate of deposit shall be issued to each  
22 customer and means provided so that the customer may claim the deposit if the certificate is  
23 lost. When a new or additional deposit is required under subsection (3) of this rule a  
24 customer's cancelled check or validated bill coupon may serve as a deposit receipt.

25 (3) New or additional deposits. A utility may require, upon reasonable written notice of not

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1 less than 30 days, such request or notice being separate and apart from any bill for service, a  
2 new deposit, where previously waived or returned, or an additional deposit, in order to secure  
3 payment of current bills; provided, however, that the total amount of the required deposit shall  
4 not exceed an amount equal to the average actual charges for gas service for two billing  
5 periods for the 12-month period immediately prior to the date of notice. In the event the  
6 customer has had service less than 12 months, then the utility shall base its new or additional  
7 deposit upon the average actual monthly billing available.

8 (4) Record of deposit. Each utility having on hand deposits from customers or hereafter  
9 receiving deposits from them shall keep records to show:

- 10 (a) The name of each customer making the deposit;  
11 (b) The premises occupied by the customer;  
12 (c) The date and amount of deposit; and  
13 (d) Each transaction concerning the deposit such as interest payments, interest credited or  
14 similar transactions.

15 (5) Interest on deposits.

16 (a) Each gas utility which requests deposits to be made by its customers shall pay a minimum  
17 interest on such deposits of 2.6 percent per annum. The utility shall pay a minimum interest  
18 rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under  
19 subsection (6) below when the utility elects not to refund such a deposit after 23 months. Such  
20 interest rates shall be applied within 45 days of the effective date of the rule.

21 (b) The deposit interest shall be simple interest in all cases and settlement shall be made  
22 annually, either in cash or by credit on the current bill. This does not prohibit any utility  
23 paying a higher rate of interest than required by this rule. No customer depositor shall be  
24 entitled to receive interest on his deposit until and unless a customer relationship and the  
25 deposit have been in existence for a continuous period of six months, then he shall be entitled

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1 to receive interest from the day of the commencement of the customer relationship and the  
2 placement of deposit.

3 (6) Refund of deposit. After a customer has established a satisfactory payment record and has  
4 had continuous service for a period of 23 months, the utility shall refund the residential  
5 customer's deposits and shall, at its option, either refund or pay the higher rate of interest  
6 specified above for nonresidential deposits, provided the customer has not, in the preceding 12  
7 months:

8 (a) Made more than one late payment of a bill (after the expiration of 20 days from the date of  
9 mailing or delivery by the utility);

10 (b) Paid with check refused by a bank;

11 (c) Been disconnected for nonpayment, or at any time;

12 (d) Tampered with the gas meter; or

13 (e) Used service in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the  
14 company from refunding at any time a deposit with any accrued interest.

15 (7) Refund of deposit when service is disconnected. Upon termination of service, the deposit  
16 and accrued interest may be credited against the final account and the balance, if any, shall be  
17 returned promptly to the customer but in no event later than fifteen (15) days after service is  
18 discontinued.

19 *Specific Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.05(1) FS. History—Repromulgated 1-8-75,*

20 *Amended 6-15-76, 6-10-80, 1-31-84, Formerly 25-7.83, Amended 10-13-88, 4-25-94, 3-14-99.*

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1 25-30.311 Customer Deposits.

2 (1) Deposit required; establishment of credit. Each company's tariff shall contain their specific  
3 criteria for determining the amount of initial deposit. Each utility may require an applicant for  
4 service to satisfactorily establish credit, but such establishment of credit shall not relieve the  
5 customer from complying with the utilities' rules for prompt payment of bills. Credit will be  
6 deemed so established if:

7 (a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for  
8 the service requested. A satisfactory guarantor shall, at a minimum, be a customer of the  
9 utility with a satisfactory payment record. A guarantor's liability shall be terminated when a  
10 residential customer whose payment of bills is secured by the guarantor meets the  
11 requirements of subsection (5) of this rule. Guarantors providing security for payment of  
12 residential customers' bills shall only be liable for bills contracted at the service address  
13 contained in the contract of guaranty.

14 (b) The applicant pays a cash deposit.

15 (c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety  
16 bond.

17 (2) Receipt for deposit. A non-transferrable certificate of deposit shall be issued to each  
18 customer and means provided so that the customer may claim the deposit if the certificate is  
19 lost.

20 (3) Record of deposits. Each utility having on hand deposits from customers shall keep records  
21 to show:

22 (a) The name of each customer making the deposit;

23 (b) The premises occupied by the customer when the deposit was made;

24 (c) The date and amount of deposit; and

25 (d) A record of each transaction concerning such deposit.

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from existing law.

- 1 (4) Interest on deposit.
- 2 (a) Each public utility which requires deposits to be made by its customers shall pay a  
3 minimum interest on such deposits of 2.6 percent per annum. The utility shall pay an interest  
4 rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under  
5 subsection (5) below when the utility elects not to refund such a deposit after 23 months. Such  
6 interest rates shall be applied within 45 days of the effective date of the rule.
- 7 (b) The deposit interest shall be simple interest in all cases and settlement shall be made  
8 annually, either in cash or by credit on the current bill. This does not prohibit any public utility  
9 paying a higher rate of interest than required by this rule. No customer depositor shall be  
10 entitled to receive interest on his deposit until and unless a customer relationship and the  
11 deposit have been in existence for a continuous period of six months, then he shall be entitled  
12 to receive interest from the day of the commencement of the customer relationship and the  
13 placement of deposit.
- 14 (5) Refund of deposits. After a customer has established a satisfactory payment record and has  
15 had continuous service for a period of 23 months, the utility shall refund the residential  
16 customer's deposits and shall, at its option, either refund or pay the higher rate of interest  
17 specified above for nonresidential deposits, providing the customer has not, in the preceding  
18 12 months, (a) made more than one late payment of a bill (after the expiration of 20 days from  
19 the date of mailing or delivery by the utility), (b) paid with check refused by a bank, (c) been  
20 disconnected for nonpayment, or at any time, (d) tampered with the meter, or (e) used service  
21 in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the company from  
22 refunding at any time a deposit with any accrued interest.
- 23 (6) Refund of deposit when service is discontinued. Upon termination of service, the deposit  
24 and accrued interest may be credited against the final account and the balance, if any, shall be  
25 returned promptly to the customer but in no event later than fifteen (15) days after service is

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discontinued.

(7) New or additional deposits. A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of the required deposit should not exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, then the utility shall base its new or additional deposit upon the average monthly billing available.

*Specific Authority 367.121, 350.127(2) FS. Law Implemented 367.081, 367.111, 367.121 FS. History—Amended 6-1-63, 4-1-69, 9-12-74, 6-10-80, 1-31-84, Formerly 25-10.72, 25-10.072, Amended 10-13-88, 4-25-94.*

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Notice of Proposed Rule

**PUBLIC SERVICE COMMISSION**

RULE NO.: RULE TITLE:

25-6.097: Customer Deposits

PURPOSE AND EFFECT: The interest rate applied to customer deposits of electric utilities would be changed to a minimum interest rate of 2 percent per annum, and 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months.

Docket No. 120125-PU

SUMMARY: The current interest rates required on customer deposits are higher than justified by current credit and capital markets. The minimum interest rate is changed to 2 percent per annum, and to 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months. Currently, the minimum interest rates are set at 6 percent and 7 percent per annum, respectively. The utilities must apply the revised interest rates within 45 days of the effective date of the rule.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1), F.S.

LAW IMPLEMENTED: 366.03, 366.041(1), 366.05(1), 366.06(1), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Cindy Miller, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850) 413-6082, [cmiller@psc.state.fl.us](mailto:cmiller@psc.state.fl.us).

THE FULL TEXT OF THE PROPOSED RULE IS:

**25-6.097 Customer Deposits.**

(1)-(3) No change

(4) Interest on deposits.

(a) Each electric utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 2.6 percent per annum. The utility shall pay an interest rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under subsection (2) when the utility elects not to refund such deposit after 23 months. Such interest rates shall be applied within 45 days of the effective date of the rule.

(4)(b)-(7) No change

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*Specific Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.041(1), 366.05(1), 366.06(1)  
FS. History--New 7-29-69, Amended 5-9-76, 7-8-79, 6-10-80, 10-17-83, 1-31-84, Formerly 25-6.97,  
Amended 10-13-88, 4-25-94, 3-14-99.*

NAME OF PERSON ORIGINATING PROPOSED RULE: Mark Cicchetti

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service  
Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: May 22, 2012

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 38, Number  
05, Date of FAW, February 3, 2012

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Notice of Proposed Rule

**PUBLIC SERVICE COMMISSION**

RULE NO.: RULE TITLE:

25-7.083: Customer Deposits

PURPOSE AND EFFECT: The interest rate applied to customer deposits of gas utilities would be changed to a minimum interest rate of 2 percent per annum, and 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months.

Docket No. 120125-PU

SUMMARY: The current interest rates required on customer deposits are higher than justified by current credit and capital markets. The minimum interest rate is changed to 2 percent per annum, and to 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months. Currently, the minimum interest rates are set at 6 percent and 7 percent per annum, respectively. The utilities must apply the revised interest rates within 45 days of the effective date of the rule.

**SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:**

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1), F.S.

LAW IMPLEMENTED: 366.03, 366.04(1), 366.05(1), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Cindy Miller, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850) 413-6082, [cmiller@psc.state.fl.us](mailto:cmiller@psc.state.fl.us).

THE FULL TEXT OF THE PROPOSED RULE IS:

**25-7.083 Customer Deposits.**

(1)-(4) No change

(5) Interest on deposits.

(a) Each gas utility which requests deposits to be made by its customers shall pay a minimum interest on such deposits of 2.6 percent per annum. The utility shall pay a minimum interest rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under subsection (6) below when the utility elects not to refund such a deposit after 23 months. Such interest rates shall be applied within 45 days of the effective date of the rule.

(5)(b)-(7) No Change

DOCUMENT NUMBER: 0111

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FPSC-COMMISSION CLERK

*Specific Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.05(1) FS. History—  
Repromulgated 1-8-75, Amended 6-15-76, 6-10-80, 1-31-84, Formerly 25-7.83, Amended 10-13-88, 4-25-  
94, 3-14-99.*

NAME OF PERSON ORIGINATING PROPOSED RULE: Mark Cicchetti

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service  
Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: May 22, 2012

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 38, Number  
05, Date of FAW, February 3, 2012.

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Notice of Proposed Rule

**PUBLIC SERVICE COMMISSION**

RULE NO.: RULE TITLE:

25-30.311: Customer Deposits

PURPOSE AND EFFECT: The interest rate applied to customer deposits of water/wastewater utilities would be changed to a minimum interest rate of 2 percent per annum, and 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months.

Docket No. 120125-PU

SUMMARY: The current interest rates required on customer deposits are higher than justified by current credit and capital markets. The minimum interest rate is changed to 2 percent per annum, and to 3 percent per annum for non-residential customers when the utility elects not to refund such a deposit after 23 months. Currently, the minimum interest rates are set at 6 percent and 7 percent per annum, respectively. The utilities must apply the revised interest rates within 45 days of the effective date of the rule.

**SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:**

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 367.121, F.S.

LAW IMPLEMENTED: 367.081, 367.111, 367.121, F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Cindy Miller, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850) 413-6082, [cmiller@psc.state.fl.us](mailto:cmiller@psc.state.fl.us).

THE FULL TEXT OF THE PROPOSED RULE IS:

**25-30.311 Customer Deposits.**

(1)-(3) No change

(4) Interest on deposit.

(a) Each public utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 2.6 percent per annum. The utility shall pay an interest rate of 3.7 percent per annum on deposits of nonresidential customers qualifying under subsection (5) below when the utility elects not to refund such a deposit after 23 months. Such interest rates shall be applied within 45 days of the effective date of the rule.

(4)(b)-(7) No change

FOR MORE INFORMATION CONTACT:

03282 MAY 23 2012

FPSC-COMMISSION CLERK



*Specific Authority 367.121, 350.127(2) FS. Law Implemented 367.081, 367.111, 367.121 FS. History—  
Amended 6-1-63, 4-1-69, 9-12-74, 6-10-80, 1-31-84, Formerly 25-10.72, 25-10.072, Amended 10-13-88, 4-  
25-94.*

NAME OF PERSON ORIGINATING PROPOSED RULE: Mark Cicchetti

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service  
Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: May 22, 2012

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 38, Number  
05, Date of FAW, February 3, 2012

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Rule(s) 25-6.097, 25-7.083, 25-  
30.311, F.A.C.  
Docket No. 120125-PU

STATEMENT OF FACTS AND CIRCUMSTANCES  
JUSTIFYING RULE

The current interest rates on customer deposits of electric, gas and water/wastewater utilities are higher than justified by current credit and capital market conditions. The revisions change the minimum interest on customer deposits from 6 percent to 2 percent per annum, and from 7 percent to 3 percent on deposits of nonresidential customers after 23 months.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards for these rules.

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-

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**DATE:** May 4, 2012  
**TO:** Cindy Miller, Senior Attorney, Office of the General Counsel  
**FROM:** William B. McNulty, Economic Analyst, Division of Economic Regulation *WBM*  
**RE:** Statement of Estimated Regulatory Costs for Proposed Rule Amendment to Rule 25-6.097, F.A.C., Customer Deposits; Rule 25-7.083, F.A.C., Customer Deposits; and Rule 25-30.311, F.A.C., Customer Deposits

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Summary of Rule

Rule 25-6.097, Florida Administrative Code (F.A.C.), Customer Deposits; Rule 25-7.083, F.A.C., Customer Deposits; and Rule 25-30.311, F.A.C., Customer Deposits establish the requirements for collecting, recording, and refunding customer deposits for electric, gas, and water/wastewater utilities. They also establish the minimum annual interest rate paid on deposits and other terms applied to interest on deposits.

Each of the draft rule amendments would reduce the minimum annual interest paid on deposits from 6 percent per year to 2 percent per year. The rule amendments would also reduce the minimum annual interest paid on nonresidential deposits from 7 percent per year to 3 percent per year for all accounts held after 23 months of continuous service. For simplicity, the rule amendments are herein referred to as the electric rule amendment (Rule 25-6.097, F.A.C.), the gas rule amendment (Rule 25-7.083, F.A.C.), and the water/wastewater rule amendment (Rule 25-30.311, F.A.C.)

Economic Analysis Showing Whether the Rule Is Likely to Have an Adverse Impact on Either Economic Growth or Business Competitiveness In Excess of \$1 Million Within 5 Years.

Subparagraph 120.541(2)(a)1, F.S., requires an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. Similarly, Section 120.541(2)(a)2 requires an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

Staff issued data requests to the utilities to determine the impact of the rule amendments. Each of the four large investor-owned electric utilities (electric IOUs), including Florida Power and Light Company (FPL); Progress Energy Florida, Inc. (PEF), Tampa Electric Company (TECO), and Gulf Power Company (Gulf), reported an expected reduction in the cost of capital based on the electric rule amendment. Each of these utilities reported expected significant reductions in interest expense and relatively minor or no increase in administrative expense. The two investor-owned gas companies (gas IOUs) which responded to staff's data request (Peoples Gas Systems and Sebring Gas System, Inc) reported expected reductions in the cost of capital. One water and wastewater company reported that it expected a reduction in the cost of capital (Peoples Water Service of Florida, Inc), and fourteen other water and wastewater companies reported either minimal impact, no impact, or "not applicable" to our question about the expected impacts of the water/wastewater rule amendment.

According to FPL and Gulf, small businesses operating in these utilities' service territories for the five year period after the implementation of the electric rule amendment are expected to experience a combined reduction in bill credits in the amount of \$24,796,002 due to the rule amendment. TECO indicated that a reduction in interest to small businesses would be expected, but did not quantify the amount, and PEF stated there would be no meaningful impact. The gas IOUs indicated a smaller bill credit would be provided to their customers with the implementation of the gas rule amendment compared to the existing rule. For instance, Peoples Gas indicated that its bill credit associated with deposit interest would be reduced by \$8.5 million over the five year period. Only one water/wastewater company indicated a specific impact of the implementation of the rule on bill credits provided to customers. Peoples Water Service Company of Florida, Inc. reported reduced bill credits of \$3,750 for the five year period after implementation of the water/wastewater rule amendment.

The expected reduction in bill credits to customers associated with draft rule changes does not constitute an adverse impact on economic growth, private sector job creation or employment, or private sector investment. The rule amendments adjust the applied interest rates to comport more closely with current market-based interest rates, to improve equity to customers, and to promote efficient pricing of utility services.

Based on this analysis, the rule amendments are not likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. Likewise, the rule amendments are not likely to have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule amendments.

Economic Analysis Showing Whether the Rule Is Likely to Increase Regulatory Costs In Excess of \$1 Million Within 5 Years

Subparagraph 120.541.(2)(a)3, F.S., requires an economic analysis showing whether the draft rule directly or indirectly is likely to increase regulatory cost, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

Based on the responses to staff's data requests, the proposed reductions in interest rates are expected to yield a slightly lower cost of capital, so regulatory costs, including transactional costs, are expected to be slightly lower for electric IOUs and gas IOUs under each of the draft rule amendments. There may be some level of reduced capital costs for some water/wastewater companies, but the impacts for most companies will be a minimal reduction or no impact to costs. Thus, for each rule amendment, it is unlikely that the amendment, if approved, will increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule amendment.

#### Estimated Number of Entities Required to Comply and General Description of Individuals Affected

Subparagraph 120.541(2)(b), F.S., requires a good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals anticipated to be affected by the rule. The number of companies affected by the rule amendments include 5 electric IOUs, 7 gas IOUs, and 147 water/wastewater companies.

#### Rule Implementation and Enforcement Costs and Impact on Revenues For The Agency and Other State and Local Government Entities

Subparagraph 120.541(2)(c), F.S., requires a good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues. The FPSC is the agency with the jurisdiction to implement and enforce amendment to the rules, and the draft changes to the rules are not expected to impose any additional costs on the FPSC. The rule amendments, if approved, would not impact the costs of other state or local government entities. The rule amendments would have no impact on FPSC revenues or revenues of other state and local government entities.

#### Estimated Transactional Costs to Individual and Entities

Subparagraph 120.541(2)(d), F.S., requires a good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the rule. The transactional costs for electric and gas utilities are expected to decrease slightly under the rule amendments, based upon expected reductions in the cost of capital. For most water and wastewater utilities, the transactional costs associated with the rule amendment are expected to be unchanged compared to the current level of compliance costs, but some utilities may see a slight reduction in the cost of capital.

#### Impact On Small Businesses, Small Cities, Or Small Counties

Subparagraph 120.541(2)(e), F.S., requires an analysis of the impact of the proposed changes on small businesses as defined by Section 288.703, F.S., and an analysis of the impact on small counties and small cities as defined in Section 120.52, F.S. The most direct impact of

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the rule amendments on small businesses will be a reduction in bill credits associated with the reduction in the deposit interest rates. Most electric IOUs expect their small business customers will experience a reduction in bill credits. The first year impact for the industry is at least \$3.18 million for FPL and Gulf customers combined, and an unquantified impact for TECO customers. Over the longer term, reductions in the cost of capital may be reflected in customers' base rates. The rule amendments are expected to result in reductions in the amount of bill credits issued to customers of gas IOUs and some water/wastewater companies, occurring with a concomitant reduction in base rates over the longer term associated with reductions in the cost of capital. The electric IOUs, the gas IOUs, and the water/wastewater companies indicated that the rule amendments would result in no impact to small cities or small counties.

Additional Information Deemed Useful By The Agency

None.

cc: Braulio Baez  
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