

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980658-EI

RULE TITLE:

RULE NO.:

Customer Deposits

25-6.097

PURPOSE AND EFFECT: The purpose of the amendment is to allow non-residential customer to use its parent or affiliate company as a guarantor of bills even if the guarantor is not a customer of the utility.

SUMMARY: Rule 25-6.097, F.A.C., is designed to insure that the utility has reasonable recourse to collect unpaid bills. Florida Power & Light Company (FPL) has proposed a modification to the existing rule to eliminate the requirement for non-residential customers that the guarantor also be a customer. This would allow, for example, Florida businesses that are part of a national chain to use the parent company as a guarantor of bills. Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY 366.05(1), 350.127(2), FS.

LAW IMPLEMENTED 366.03, 366.041(1), 366.05(1), 366.06(1), FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE

SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN

21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF

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THE PROCEEDING.

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:

Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-6.097 Customer Deposits.

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

(a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested. For residential customers, a satisfactory guarantor shall, at the minimum, be a customer of the utility with a satisfactory payment record. For non-residential customers, a satisfactory guarantor need not be a customer of the utility. Each utility shall develop minimum financial criteria that a proposed guarantor must meet to qualify as a satisfactory guarantor. A copy of the criteria shall be made available to each new non-residential customer upon

request by the customer. A guarantor's liability shall be terminated when a residential customer whose payment of bills is secured by the guarantor meets the requirements of subsection (2) of this rule. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(b) The applicant pays a cash deposit.

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

(2) - (7) No Change.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.03, 366.041(1), 366.05(1), 366.06(1), F.S.

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,_____.

NAME OF PERSON ORIGINATING PROPOSED RULE: David Ging

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: December 15, 1998

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:

Volume 24, Number 33, August 14, 1998

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence

forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

1 25-6.097 Customer Deposits.

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

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

25 (b) The applicant pays a cash deposit.

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

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

3 (2) Refund of deposits. After a customer has established
4 a satisfactory payment record and has had continuous service for
5 a period of 23 months, the utility shall refund the residential
6 customer's deposits and shall, at its option, either refund or
7 pay the higher rate of interest specified below for
8 nonresidential deposits, providing the customer has not, in the
9 preceding 12 months, (a) made more than one late payment of a
10 bill (after the expiration of 20 days from the date of mailing or
11 delivery by the utility), (b) paid with check refused by a bank,
12 (c) been disconnected for nonpayment, or at any time, (d)
13 tampered with the electric meter, or (e) used service in a
14 fraudulent or unauthorized manner.

15 (3) New or additional deposits. A utility may require,
16 upon reasonable written notice of not less than thirty (30) days,
17 a new deposit, where previously waived or returned, or additional
18 deposit, in order to secure payment of current bills. Such
19 request shall be separate and apart from any bill for service and
20 shall explain the reason for such new or additional deposit,
21 provided, however, that the total amount of the required deposit
22 shall not exceed an amount equal to twice the average charges for
23 actual usage of electric service for the twelve month period
24 immediately prior to the date of notice. In the event the
25 customer has had service less than twelve months, then the

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1 utility shall base its new or additional deposit upon the average
2 actual monthly usage available.

3 (4) Interest on deposits.

4 (a) Each electric utility which requires deposits to be
5 made by its customers shall pay a minimum interest on such
6 deposits of 6 percent per annum. The utility shall pay an
7 interest rate of 7 percent per annum on deposits of
8 nonresidential customers qualifying under subsection (2) when the
9 utility elects not to refund such deposit after 23 months.

10 (b) The deposit interest shall be simple interest in all
11 cases and settlement shall be made annually, either in cash or by
12 credit on the current bill. This does not prohibit any utility
13 paying a higher rate of interest than required by this rule. No
14 customer depositor shall be entitled to receive interest on his
15 deposit until and unless a customer relationship and the deposit
16 have been in existence for a continuous period of six months,
17 then he shall be entitled to receive interest from the day of the
18 commencement of the customer relationship and the placement of
19 deposit. Nothing in this rule shall prohibit a utility from
20 refunding at any time a deposit with any accrued interest.

21 (5) Record of deposits. Each utility having on hand
22 deposits from customers or hereafter receiving deposits from them
23 shall keep records to show:

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

25 (b) The premises occupied by the customer;

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

2 (d) Each transaction concerning the deposits such as
3 interest payments, interest credited or similar transactions.

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

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

15 Specific Authority: 366.05(1), 350.127(2), F.S.

16 Law Implemented: 366.03, 366.041(1), 366.05(1), 366.06(1), F.S.

17 History: New 7/29/69, Amended 5/9/76, 7/8/79, 6/10/80, 10/17/83,
18 1/31/84, formerly 25-6.97, Amended 10/13/88, 4/25/94, _____.

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