

Commissioners:  
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DIVISION OF APPEALS  
DAVID E. SMITH  
DIRECTOR  
(850) 413-6245

# Public Service Commission

December 31, 1998

Mr. Carroll Webb  
Joint Administrative Procedures  
Committee  
120 Holland Building  
Tallahassee, Florida 32399

Re: Docket No. 980658-EI - Petition by Florida Power & Light Company to Amend Rule 25-6.097, F.A.C., to Remove Requirement That Guarantors of Bills of Non-Residential Customers be Customers of Utility.

Dear Mr. Webb:

Enclosed are an original and two copies of the following materials concerning the above referenced proposed rule:

- 1. A copy of the rule.
- 2. A copy of the F.A.W. notice.
- 3. A statement of facts and circumstances justifying the proposed rule.
- 4. A federal standards statement.
- 5. No statement of estimated regulatory costs was prepared.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 GAF \_\_\_\_\_  
 OMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SEC 1  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

If there are any questions with respect to this rule, please do not hesitate to call on me.

Sincerely,

Christiana T. Moore  
Associate General Counsel

ADM6097.CTM  
Enclosures  
cc: Division of Records & Reporting

DOCUMENT NUMBER-DATE

14727 DEC 31 88

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BLVD • TALLAHASSEE, FL 32399-0850

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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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 a 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

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).

**STATEMENT OF FACTS AND CIRCUMSTANCES  
JUSTIFYING RULE**

For many non-residential customers of public utilities, payment of a cash security deposit or the posting of a surety bond or letter of credit in an amount based upon two months' average billings constitutes a customer inconvenience, and a financial hardship. Many non-residential customers have parent or affiliated companies outside the utility's service territory. Often, the parent or affiliated companies are large, viable and profitable concerns with the financial wherewithal to secure the payment of the bills of the non-residential customer. The ability to use its nationally recognized parent or affiliate as a payment guarantor expands the options available to Florida businesses to meet deposit requirements without significantly increasing the risk to utilities of payment default.

**STATEMENT ON FEDERAL STANDARDS**

There is no federal standard on the same subject.