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In re: Proposed amendment of Rule 25-6.97 relating to customer deposits of electric utilities

DOCKET NO. 73322-RULE; ORDER NO. 5778

Florida Public Service Commission

1973 Fla. PUC LEXIS 214

June 18, 1973

PANEL: [*1]

The following Commissioners participated in the disposition of this matter: WILLIAM H. BEVIS, Chairman; WILLIAM T. MAYO, PAULA F. HAWKINS

OPINION: ORDER PROPOSING RULE AMENDMENT

BY THE COMMISSION:

This docket is one of a series of proceedings initiated by the Commission on its own motion to revise the deposit practices of regulated utilities. The purposes are to provide uniformity within the electric industry as well as to place more specificity within the Rule itself to insure that both the customer and the utility are reasonably assured as to which criteria shall be used in administering the utility's deposit policy.

Present Rule 25-6.97 provides broad general guidelines to be followed by electric utilities with respect to customer deposits. Subsection (1) of said Rule permits a utility to require a deposit, in order to guarantee payment of bills, not to exceed an amount approved by the Commission, or an amount necessary to cover charges for electric service for two average billing periods. We have approved specific amounts for Florida Power and Light Company (\$20.00), Gulf Power Company (\$20.00), and Florida Power Corporation (\$25.00). These amounts are generally applied to [*2] residential accounts while the alternative computation (two average billing periods) is generally applied to commercial accounts. There are, however, no specific minimum deposit amounts prescribed for Tampa Electric Company and Florida Public Utilities Company. It is our understanding, however, that the former utility requires a minimum deposit of \$20.00. We propose to revise Subsection (1) to provide for a minimum deposit of \$25.00, or an amount to cover two months average billing, whichever is greater. In addition, we intend to provide alternative means for prospective customers to establish credit, in lieu of a cash deposit, since the present Rule offers no specific means of obtaining service, except upon the posting of a cash deposit.

Present Subsection (3) of said Rule provides that the utility may provide for the return of a deposit after a reasonable period of time. As a general rule, however, all electric utilities keep the deposit until service is terminated, despite the fact that the customer may have good payment habits. We propose to require in new Subsection (4) that the utility refund the deposit after twelve months if the customer has 12 consecutive months [*3] of prompt payment, which is construed to mean that he has not received two second notices within that preceding year.

In order to insure that excessive deposits are not initially required, and kept by the utility for the 12 month period, we also propose that if, after 90 days service, the actual deposit is found to be greater than an amount equal to the charges for service for two actual average billing periods, the utility shall, upon demand of the customer, promptly refund on credit the difference.

We recognize, of course, that circumstances may dictate the necessity of requiring new or additional deposits from a customer. Examples of such circumstances would be excessive slow payment, or a marked increase in consumption together with a slow payment record. Provision is made, therefore, in new proposed Subsection (3) for means by which the utility can obtain a new or additional deposit.

Present Subsection (2) provides that a deposit receipt be issued a customer and means provided so that the customer may claim his deposit if the certificate is lost. We intend to expand this section to require that certain information be placed upon the receipt, and to renumber said Subsection [*4] as Subsection (7).

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We also are proposing in new Subsection (6) that certain minimal information be maintained by the utility on those customers who are required to post deposits. We feel confident that this merely codifies the existing practices of the utilities, who presumably maintain such information in the normal course of their business.

Present Subsection (4) requires that when service is terminated, the utility may apply the deposit to the final bill, and the balance shall be returned to the customer. However, no time limitation for return of the deposit is provided therein. We propose to renumber this section as Subsection (8) and prescribe a maximum sixty day period of time in which the deposit, or remainder thereof, must be returned to the customer.

Finally, we propose to repeal present Rule 25-6.98, which relates to interest on deposits, and consolidate the provisions thereof into amended Rule 25-6.97 as new Subsection (5).

Therefore, the Commission, on its own motion, pursuant to Section 356.06, Florida Statutes, proposes to repeal Rule 25-6.98 and to amend Rule 25-6.97 to read as follows:

"25-6.97 Customer deposits.

(1) Deposit required; establishment of credit. [*5] — 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 electric company's rules for prompt payment of bills. Credit will be deemed so established if:

(a) The applicant for service has been a customer of any electric utility within the last two years and during the last 12 consecutive months of service did not have more than two occasions in which a bill was paid after becoming delinquent and never had service disconnected for nonpayment.

(b) The applicant for service furnishes a satisfactory guarantee of secure payment of bills for the service requested.

(c) The applicant pays a cash deposit subject to the further stipulations within this rule.

(d) The applicant demonstrates a satisfactory credit rating by appropriate means including but not limited to, the production of acceptable credit cards as defined by the Commission, letters of credit reference, or names of credit references which may be quickly and inexpensively contacted by the utility.

(2) Amount of deposit. — The amount of the initial required deposit shall be \$25.00 or an amount estimated to [*6] equal charges for electric service for two average billing periods, whichever is greater. If, after 90 days' service, the actual deposit is found to be greater than an amount equal to the charges for service for two actual average billing periods, the utility shall, upon demand of the customer to the company, promptly refund the difference.

(3) New or additional deposits. — A utility may require upon reasonable written notice of not less than 15 days, 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 shall not exceed an amount equal to the actual average charges for electric service for two billing periods for the 90 day period immediately prior to the date of notice. In the event the customer has had service less than 90 days, then the utility shall base its new or additional deposit on the actual average monthly billing available.

(4) Refund of deposits. — The deposit shall be automatically refunded to the customer after 12 consecutive months of prompt payment. Prompt payment shall be construed to mean that a customer has not received two [*7] or more second notices within the preceding twelve month period. Nothing in this rule shall prohibit the company from returning a deposit in less than 12 months.

(5) Interest on deposit. — Each electric utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of six percent per annum. The deposit interest shall be simple interest in all cases and settlement shall be made annually, either in cash or by credit on the current bill. This does not prohibit any utility paying a higher rate of interest than six percent. No customer depositor shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit has been in existence for a continuous period of six months, then he shall be entitled to receive interest from the date of the commencement of the customer relationship and the placement of deposit.

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

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

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

(c) The date and amount [*8] of deposit.

(d) Each transaction concerning the deposit such as interest payments, interest credited or similar transaction.

(7) Receipt for deposit. — A non-transferrable certificate of deposit shall be issued to each customer and means provided so that the customer may claim the deposit if the certificate is lost. The deposit receipt shall contain notice that after 90 days' service, the customer is entitled to refund of any deposit over and above an amount equal to the charges for two actual average billing periods.

(8) Refund of deposit when service discontinued. — Upon termination of service, the deposit and accrued interest may be credited against the current account and the balance, if any, shall be returned promptly to the customer, but in no event later than sixty (60) days after service is discontinued."

It is, therefore,

ORDERED by the Florida Public Service Commission that unless written objections with substantial ground for opposition are received within fifteen (15) days from the date hereof, the rules herein referred to will be adopted by formal order of the Commission (but without further notice), at the next public meeting of the Commission, such rules to [*9] become effective the day after they are filed in the Office of the Secretary of State, pursuant to the provisions of Section 120.041(4), Florida Statutes. It is further

ORDERED that if substantial objections are received which raise factual issues on which the taking of evidence is deemed necessary, notice of a public hearing for that purpose will be given, otherwise, the written objections may be set for oral argument if the Commission considers that argument will be helpful; or, they may be considered as submitted and proposed rules adopted, rejected, or adopted with modifications without further notice.

By order of Chairman WILLIAM H. BEVIS, Commissioner WILLIAM T. MAYO, and Commissioner PAULA F. HAWKINS, as and constituting the Florida Public Service Commission, this 18th day of June, 1973.

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In re: Proposed amendment of Rule 25-6.97 relating to customer deposits of electric utilities

DOCKET NO. 73322-RULE; ORDER NO. 6264

Florida Public Service Commission

1974 Fla. PUC LEXIS 162

6 P.U.R.4th 151

August 29, 1974

[*1]

William L. Steel and Shepard King, 1400 First National Bank Building, Miami, Florida 33131, for Florida Power and Light Company.

D. Fred McMullen and Lee L. Willis, Post Office Box 391, Tallahassee, Florida 32302, for Tampa Electric Company.

Frank H. Bass, Jr., Post Office Box 14042, St. Petersburg, Florida 33733, for Florida Power Corporation.

Miles Davis, Post Office Box 12950, Pensacola, Florida 32576, for Gulf Power Company.

Donald R. Alexander, 700 South Adams Street, Tallahassee, Florida 32304, for the Commission staff and the public generally.

PANEL:

The following Commissioners participated in the disposition of this matter: WILLIAM H. BEVIS, Chairman; WILLIAM T. MAYO, PAULA F. HAWKINS

OPINION: Pursuant to duly given notice, a public hearing on the above captioned matter was held by the Florida Public Service Commission on March 14, 1974, in Tallahassee, Florida.

After considering the entire record herein, the Commission now enters its Order in this cause.

ORDER ADOPTING RULES

BY THE COMMISSION:

BACKGROUND OF PROCEEDING

By Order No. 5778, dated June 18, 1973, this proceeding was initiated on the Commission's own motion for the purpose of amending Rule 25-6.97, which presently [*2] prescribes the guidelines to be utilized by electric utilities in requiring deposits from their customers, and to repeal Rule 25-6.98, which prescribes the interest to be paid on customer deposits, and incorporate those provisions into new Rule 25-6.97. As a basis for instituting this proceeding, we stated in Order No. 5778, *supra*, that we desired more uniformity by the electric industry in administering their deposit practices and to place more specific guidelines within the rule in lieu of the broad general guidelines which now form the basis for requiring deposits from customers. Actually, similar investigations have been conducted with respect to the telephone industry (Docket No. 71500-TP) and the gas industry (Docket No. 73323-RULE) for the same purposes and with the entry of orders in this and the gas docket, our investigation of deposit practices by regulated utilities will be completed. n1 Additionally, it is noted that investigations regarding the billing practices of both the electric and gas industries have been completed and have resulted in a substantial revision of their respective rules. n2

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Responses to Order No. 5778, *supra*, were filed on behalf of five regulated electric utilities with only Reedy Creek Utilities, Inc. not filing a formal response. Because substantial objections were filed, and in order to comply with the provisions of Chapter 120, Florida Statutes, a public hearing was held in Tallahassee on March 14, 1974, at which time four electric companies presented evidence. Additionally, all parties were given the opportunity to file briefs on the issues raised herein and two utilities have taken advantage of this opportunity.

THE PROPOSED RULES

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DISCUSSION

Because of the substantial objections [*24] received, we will discuss our conclusions with respect to each Subsection of the proposed Rule and set out the Rule which we intend to adopt.

.....

Subsection 3

No parties have questioned our proposal which allows a utility to obtain a new or additional deposit under certain circumstances. We are, therefore, adopting said Subsection as originally proposed with the exception of one minor modification so that Subsection (3) will read as follows:

(3) New or additional deposits. - A utility may require, upon reasonable written notice [*31] of not less than fifteen (15) days, 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 shall not exceed an amount equal to the average actual charges for electric service for two billing periods for the six month period immediately prior to the date of notice. In the event the customer has had service less than six months, then the utility shall base its new or additional deposit upon the average actual monthly billing available.

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LEXSEE 1995 FLA. PUC LEXIS 579

In Re: Petition for approval of tariff revisions regarding budget billing, bill proration and deposit waiver by Florida Power Corporation

DOCKET NO. 950195-EI; ORDER NO. PSC-95-0500-FOF-EI

Florida Public Service Commission

1995 Fla. PUC LEXIS 579

April 24, 1995

PANEL: [*1]

The following Commissioners participated in the disposition of this matter: SUSAN F. CLARK, Chairman; J. TERRY DEASON; JOE GARCIA; JULIA L. JOHNSON; DIANE K. KIESLING

OPINION: ORDER GRANTING APPROVAL OF TARIFF REVISIONS REGARDING BUDGET BILLING, BILL PRORATION AND DEPOSIT WAIVER

BY THE COMMISSION:

Pursuant to Order No. 10047, in Docket No. 800110-EU, all Florida investor-owned utilities were directed to initiate budget billing programs for residential customers. Order No. 10759 established the guidelines that were to be followed in developing these programs. FPC's average billing plan has been in effect since June 3, 1982.

Budget billing is a method of billing that seeks to reduce the variation in monthly bills resulting from seasonal fluctuations in the usage of electricity. The customer is being billed based upon average kwh usage rather than for actual monthly kwh usage.

We approve FPC's changes in its average billing plan. First, the amount of the deferred balance to be paid will be simply one-twelfth of the current balance, rather than the current three-tier formula. Second, the bill will be recalculated every three months instead of monthly. Third, the program will be called [*2] budget billing instead of average billing.

Under budget billing each month the customer pays a budget billing amount that is made up of two parts: the annual base amount and the adjustment to the deferred balance.

The annual base amount is the average of the customer's last 12 monthly billings. If the customer has not resided at the premises for 12 months, the annual base amount will be determined by the customer's available monthly billings plus the previous occupants' billings. If the premises are new, a 12-month estimated billing will be used. Any difference between the amount billed using the average method and the regular bill is added to a deferred balance account that maintains a running total of over and under collections.

The monthly budget billing amount will be adjusted every three months by adding the deferred balance adjustment, that is one-twelfth of the current deferred balance. The monthly bill will change only if the difference between the recalculated billing amount and the current amount exceeds \$5 or 10%.

A customer's monthly bill under the budget billing plan will only be recalculated once every three months. Under the existing average billing plan, customer [*3] bills change every month. Decreasing the frequency of billing changes will improve the customers' budgeting ability and reduce the number of questions.

We also approve FPC's revisions of its tariff rules regarding the proration of monthly bills. Rule 25-6.100(4), *Florida Administrative Code*, states:

The regular meter reading date may be advanced or postponed not more than five days without the proration of the billing for the period.

Prorating a bill means multiplying all charges, excluding those applied on a total KWh basis, by the ratio of actual

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number of days to 30. FPC's current tariff rule states that a bill rendered for a period of less than 25 days or greater than 35 days shall be prorated. A meter reading period of exactly 30 days is always assumed.

Meter reading cycles, however, are not always exactly 30 days. Normal meter reading cycles for FPC range from 27 to 33 days. The revised tariff applies the 5-day grace period before proration is required to the customer's actual meter reading date, instead of to a 30-day average meter reading date used in the current tariff. This allows the proration provision to apply more [*4] fairly to all customers based on their actual meter reading cycle.

In addition, we approve FPC's revisions regarding deposit waiver. Rule 25-6.097, *Florida Administrative Code*, allows each utility to require an applicant for service to satisfactorily establish credit. The deposit requirement is discretionary to a utility, but the utility is responsible for managing bad debt.

FPC's current tariff rule establishes two conditions under which the requirement for a deposit may be waived. One is when an existing customer has established a satisfactory payment record with FPC. Another is when a new customer submits evidence of a satisfactory payment record from another utility. It is the latter waiver condition FPC proposed to change.

It has been FPC's experience that a number of customers who submitted evidence of a satisfactory payment record from another utility failed to meet their payment obligations with FPC. Instead of accepting utility credit reference letters, FPC intends to check a customer's credit through an outside credit bureau.

FPC entered into a contract with a credit-rating agency, who evaluates the customer's credit. [*5] FPC will not look at the customer's credit history. The credit-rating agency will inform FPC whether the deposit can be waived or not. In the case of a negative evaluation, like with any application process for a credit card, the customer has the right to challenge the credit evaluation. This credit check is done over the phone in less than a minute.

Based on the foregoing, it is

ORDERED that Florida Power Corporation's modifications to its average billing plan are, hereby, approved. It is further

ORDERED that Florida Power Corporation's tariff revisions regarding the proration of monthly bills are approved. It is further

ORDERED that Florida Power Corporation's request to amend its tariff regarding deposit waiver is, hereby, approved. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect pending resolution of the protest.

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 24th day of April, 1995.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public [*6] Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under *Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), *Florida Administrative Code*, in the form provided by Rule 25-22.036(7)(a)(d) and (e). Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 15, 1995.

In the absence of such a petition, this order shall become final on the day subsequent to the above [*7] date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by

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the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to *Rule 9.110, Florida Rules of Appellate Procedure*. The notice of appeal must be in the form specified in *Rule 9.900(a), Florida Rules of Appellate Procedure*.