



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-

RECEIVED - FPSC
DEC 2 11:56 AM
RECORDS AND REPORTING

DATE: 12/3/98

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF APPEALS (MOORE) *CTM*
 DIVISION OF ELECTRIC AND GAS (MAKIN) *AM/CPBB*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *JDS*

RE: DOCKET NO. 981755-GU - PROPOSED AMENDMENT OF RULE 25-7.083(1)(A), F.A.C., CUSTOMER DEPOSITS.

AGENDA: 12/15/98 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\981755.RCM

CASE BACKGROUND

Pursuant to section 120.54(2), Florida Statutes, a Notice of Proposed Rule Development containing the text of the recommended changes to the rule was issued and published in the Florida Administrative Weekly on October 23, 1998. No requests for a workshop and no comments on the rule changes were received.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose an amendment to Rule 25-7.083, F.A.C.?

RECOMMENDATION: Yes, the Commission should propose an amendment to Rule 25-7.093, to eliminate the requirement that a guarantor for a non-residential customer also be a customer of the gas utility.

STAFF ANALYSIS: Rule 25-7.083, Florida Administrative Code currently requires any party designated as a guarantor for payment of bills to be a customer of the utility. This provision was originally designed to insure that the utility had reasonable

DOCUMENT NUMBER - DATE
13515 DEC-28
FPSC-RECORDS/REPORTING

recourse to collect unpaid bills. Florida Power & Light Company (FPL) proposed a modification to the existing electric utility rule to allow, for example, Florida businesses that are part of a national chain to use the parent company as a guarantor of bills, even if the parent company is not located in Florida. The Commission granted the petition and rulemaking was initiated. Staff of the Division of Electric and Gas believe that this rule change should also be made for the gas industry.

Branches of large national businesses utilize the parent company for many services. While the logic underlying the current rule language is reasonable for residential or small commercial customers, the credit-worthiness of a nationally recognized parent organization of a Florida-based business may be sufficient protection for payment of utility bills. Language is also added to the rule to require each utility to develop minimum financial criteria that a proposed guarantor must meet. Staff recommends that the rule be amended to allow for the use of such guarantors.

Because there should be no significant additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a Statement of Estimated Regulatory Costs (SERC) was not prepared.

ISSUE 2: If no requests for hearing or comments are filed, should the rule as proposed be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Unless comments or requests for hearing are filed, the rule as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments:

Rule
SERC Memorandum

CTM/

1
2 **25-7.083 Customer Deposits.**

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

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

DOCKET NO. 981755-GU

DATE: 12/3/98

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(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, 366.05(1), F.S.

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, _____.

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

MEMORANDUM

November 24, 1998

RECEIVED

98 NOV 25 AM 8:29

FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF APPEALS

TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CBH PR AW*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR, PROPOSED REVISIONS TO RULE 25-7.083, F.A.C., CUSTOMER DEPOSITS

Currently, Rule 25-7.083, F.A.C., Customer Deposits, contains the customer deposit requirements for investor-owned gas utilities which include conditions for a deposit, records kept, and interest paid on deposits. Under the current rule, an applicant for service may furnish a satisfactory guarantor, in lieu of a cash deposit, to secure payment of bills. Such guarantor shall, at the minimum, be a customer of the utility with a satisfactory payment record.

The proposed rule amendment would allow non-residential customers have a guarantor that is not a customer of the utility, if the guarantor meets minimum financial criteria of the utility. A utility may currently require an applicant to satisfactorily establish credit, and the utility could do the same for the financial status of a guarantor with little additional cost.

The Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). However, since there should be no significant additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a SERC will not be prepared for the proposed rule change.

Please keep my name on the CASR.

CBH:e-gasdep

cc: Mary Andrews Bane
Wayne Makin
Hurd Reeves