



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

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RECORDS/REPORTING

DATE: DECEMBER 3, 1998

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

FROM: DIVISION OF APPEALS (MOORE) *CTM*
 DIVISION OF ELECTRIC AND GAS (GING) *DJA*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *JOS BH PD*

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.

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\980658#2.RCM

CASE BACKGROUND

Florida Power & Light Company (FPL) filed a petition to initiate rulemaking on May 15, 1998, asking the Commission to amend Rule 25-6.097, F.A.C. The Commission granted the petition in part, by Order No. PSC-98-0926-PCO-EI, issued July 7, 1998. A Notice of Proposed Rule Development was published in the Florida Administrative Weekly on August 14, 1998. Florida Power Corporation requested a workshop, however, its concerns were resolved before the workshop was conducted. Since no other person filed comments or requested a workshop, the workshop was cancelled.

DOCUMENT NUMBER-DATE

13516 DEC-2 98

FPC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose an amendment to Rule 25-6.097, F.A.C.?

RECOMMENDATION: Yes, the Commission should propose an amendment to Rule 25-6.097, to eliminate the requirement that a guarantor for a non-residential customer also be a customer of the electric company.

STAFF ANALYSIS: Rule 25-6.097, 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 recourse to collect unpaid bills. Florida Power & Light Company (FPL) proposed a modification to the existing 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.

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 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) - (7) No Change.

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

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

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

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

MEMORANDUM

October 22, 1998

98 OCT 23 11:33

TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *BA? J* *AWA*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR DOCKET NO. 980658-EI, PROPOSED REVISIONS TO RULE 25-6.097, F.A.C., CUSTOMER DEPOSITS

Currently, Rule 25-6.097, F.A.C., Customer Deposits, contains the customer deposit requirements for investor owned electric utilities (IOUs) 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:tf/e-cusdpe



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: October 5, 1998
TO: Blanca S. Bayó, Director, Division of Records & Reporting
FROM: Christiana T. Moore, Associate General Counsel *CTM*
RE: Docket No. 980658-EI - Amendment of Rule 25-6.097, F.A.C., Customer Deposits

Attached is a letter from Florida Power Corporation for filing in the above rulemaking docket file. The letter withdraws the request for a rule development workshop which was scheduled for October 7, 1998, at 10 a.m.

c: David Ging (EAG)
 Craig Hewitt (RRR)

Attachment

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
10960 OCT-5 98
 FPSC-RECORDS/REPORTING



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

October 5, 1998

Christiana T. Moore, Esquire
Division of Appeals
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850


Re: Docket No. 980658-EI; Amendment of Rule 25-6.097, F.A.C.,
Customer Deposits; Request for Rule Development Workshop.

Dear Ms. Moore:

As we recently discussed, Florida Power's concerns regarding the proposed rule amendment have now been resolved. Accordingly, Florida Power hereby withdraws its request for a rule development workshop.

Thank you for your assistance in this matter.

Very truly yours,



James A. McGee

JAM/kma

GENERAL OFFICE

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