# FLORIDA PUBLIC SERVICE COMMISSION Capital Circle Office Center • 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

#### MEMORANDUM

### October 31, 1996

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

FROM: DIVISION OF ELECTRIC & GAS (KUMMER)

DIVISION OF LEGAL SERVICES (WAGNER) RUE

RE: DOCKET NO. 961299-EI, REQUEST BY FLORIDA POWER & LIGHT

COMPANY TO REQUIRE SOCIAL SECURITY NUMBERS ON THIRD

PARTY GUARANTOR AGREEMENTS

AGENDA: NOVEMBER 12, 1996 - REGULAR AGENDA - TARIFF FILING -

INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60 DAYS EXPIRES NOVEMBER 16, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961299.RCM

#### DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power & Light's (FPL) request to modify Tariff Sheets 9.400 and 9.401, Unconditional Guaranty contract to require both the customer and the guarantor to provide social security numbers in order to take advantage of the third party guarantor option?

STAFF RECOMMENDATION: Yes.

STAFF ANALYSIS: Rule 25-6.097, Florida Administrative Code, establishes the minimum criteria for establishing credit. One option is for customer in good standing to sign a guarantor agreement for the customer, agreeing to be responsible for the account in the event the customer defaults on payments. Specifically, 25-6.097(a) F.A.C., states that at a minimum, a satisfactory guarantor shall be a customer of the utility with a satisfactory payment record. FPL requests that the Commission approve its proposed tariff provisions allowing FPL to require both the customer's and the guarantor's social security number when a customer attempts to satisfactorily establish credit by

DOCUMENT NUMBER-DATE

way of a guarantor. Some minor additional wording clarification in the body of the agreement is also proposed.

Like many utilities, FPL uses a commercial credit company to verify the credit worthiness of customers when making deposit decisions. Credit companies typically require a social security number in order to verify credit history. Utility representatives state that FPL has always requested social security numbers from customers applying for the third-party guarantor option even though the existing form did not have a specific line item for it and such requests have never been refused. FPL maintains that the proposed modification simply codifies existing practice and makes clear that social security numbers are required when a customer chooses to establish credit by furnishing to FPL a satisfactory quarantor. If either a customer or guarantor refuses to provide their social security number, FPL will not recognize the third party as a satisfactory guarantor. Consequently, the customer would be required to establish credit by some other method.

ISSUE 2: What should be the effective date of this change?

**RECOMMENDATION:** The proposed change should be effective November 12, 1996.

STAFF ANALYSIS: This language change simply codifies how FPL has been applying the contract and should represent no change in the standard for approval or disapproval of any third-party guarantor arrangements. Therefore staff recommends that the revised tariffs become effective on November 12, 1996.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If a protest is filed within 21 days from the issuance date of the order, the tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: At the conclusion of the protest period, this docket may be closed.

## UNCONDITIONAL GUARANTY In consideration of Florida Power & Light Company ("FPL") furnishing electric service to of Guarantee Account No(s). Guarantee Name Service Address(es) & City Florida ("Customer"), without Without requiring a deposit, the undersigned, hereafter referred to as the Guarantor, hereby convenants and agrees that: Guaranter shall, ABSOLUTELY AND UNCONDITIONALLY, GUARANTEE full payment to FPL for ANY AND ALL 1. CHARGES due and owing FPL for which the Customer Guarantee may now be liable or for which Customer Guarantee may in the future become liable at the above listed address(es). If Customer Guarantee shall at any time fail to promptly pay all charges due and owing FPL, Guarantor hereby agrees to pay all 2. such amounts due and owing within five days of notice. Guarantor shall pay FPL collection agency fees and expenses, reasonable attorney's fees and all costs and other expenses incurred by FPL in collecting or compromising any indebtedness of Customer Guarantee hereby guaranteed or in enforcing this Guaranty against Guarantor. This is a continuing Guaranty which shall remain in full force and effect until no longer required as specified in Section 6.3 of FPL's General Rules and Regulations or until terminated by FPL (as set forth herein) or the Guarantor upon thirty (30) days advance written notice; provided, however, that no such termination shall release Guarantor from liability hereunder with respect to any charges for electric service furnished to Customer Guarantee prior to the effective date of such termination. FPL may terminate this Guaranty if at any time the Guarantor is no longer a "satisfactory guarantor" (as defined in Rule 25-6.097 (1)(a) F.A.C.) which, at a minimum, means an FPL customer with a satisfactory payment record. Guarantor hereby waives notice of acceptance hereof. Guarantor further agrees that FPL need not proceed against the Customer 5. Guarantee or any other person, firm, or corporation, or to pursue any other remedy prior to pursuing its rights under this Guaranty. CustomerGuarantee understands that FPL may pursue and/or exhaust all available collection remedies (including disconnection) against Gustomer Guarantee without pursuing its rights against Guarantor. This Agreement shall inure to the benefit of FPL and shall be binding upon Guarantor and Guarantor's heirs; and assigns. Customer Guarantee hereby authorizes FPL to disclose all of Customer's Guarantee's billing information, including third party 7. notification, to the Guarantor so long as this Guaranty remains in effect. Guarantor agrees to receive all appropriate billing information at the Guarantor's service address listed below and further agrees to notify FPL promptly of any change in address; provided, however, that neither receipt of this billing information ornor estimates of billing for the Customer's Quarantee's service account(s) shall be construed as a limitation on the amount guaranteed under this Guaranty. IN WITNESS WHEREOF, Guarantor has signed this Guaranty on this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_, 19\_\_\_\_ Guarantor Signature Guarantor Name Guarantor Account No. Service Address & City Guarantor Social Security No.

(Continued on Sheet No. 9.401)

Issued by: P. J. Evanson, President

Effective: April 27, 1995



OriginalFirst Revised Sheet No. 9.401
Cancels Original Sheet No. 9.401

| (Continued from Sh                                       | seet No. 9.400)                 |                          |
|--|---------------------------------|--------------------------|
| STATE OF FLORIDA COUNTY OF                               |                                 |                          |
| The foregoing instrument was acknowledged before me this | day of                          | 19 by                    |
| produced), personally known                              | or produced identification      | , (type of identificatio |
|  | Notary Public, State of Florida |                          |
|  | Printed Name of Notary Public   |                          |
| My Commission Expires:                                   | Commission Number               |                          |
| ocepted:   | Agreed:                         |                          |
| Name Date  | Guarantee Signature             | Da                       |
| Title Leastion   | Guarantee Social Security No.   |                          |
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