

State of Florida



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-

DATE: June 3, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Kummer) *EDW*
Office of the General Counsel (Klancke) *CMK JSB* *W*

RE: Docket No. 100217-EI – Petition for approval of tariff agreement for residential guarantor program by Tampa Electric Company.

AGENDA: 06/15/10 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/23/10 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\100217.RCM.DOC

RECEIVED-FPSC
 10 JUN -3 AM 10:09
 COMMISSION
 CLERK

Case Background

Rule 25-6.097, Florida Administrative Code (F.A.C.), Customer Deposits, allows utilities to require customers to satisfactorily establish credit to obtain electric service. In lieu of posting a cash deposit, a customer may secure a letter of credit, post a surety bond, or obtain a third party guarantor. For residential customers, the guarantor shall, at a minimum, be a customer of the utility with a satisfactory payment record. In order to standardize the provision of the third party guarantor option, Tampa Electric Company (TECO) has proposed a new standard form (Tariff Sheet 7.300) which clearly states the guarantor's obligations.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

DOCUMENT NUMBER DATE

04601 JUN-3 2010

FPSC-COMMISSION CLERK

Discussion of Issues

Issue 1: Should the Commission approve the proposed standard form for the residential third party guarantor option?

Recommendation: Yes. (Kummer)

Staff Analysis: Utilities are allowed by Rule 25-6.097, F.A.C., to require a customer to satisfactorily establish credit in order to initiate or maintain electric service. Such credit may be established through a cash deposit, a letter of credit, a surety bond, or a third party guarantor. As the name implies, the third party guarantor agrees to be liable for any debt incurred by the customer of record for the provision of electric service. TECO is the only one of the four large investor-owned utilities which does not currently have a standard form for this option. Utilities are not required to file standard forms for routine transactions, but it is beneficial to ensure consistency in treatment of customers.

TECO's proposed language is almost identical to the language approved for Florida Power and Light Company (FPL), whose first agreement was approved in 1980. Progress Energy Florida, Inc. adopted similar, if less detailed, language on third party guarantors in 1982. Gulf Power Company adopted language very similar to FPL's in 1993.

The advantage of having a specific form ensures that all third party guarantors are treated equally. Specifying the responsibilities of the guarantor in a form, which must be signed and notarized, reduces the likelihood that the guarantor will misunderstand the responsibilities they are assuming. As TECO's language clearly sets forth the responsibilities of a third party guarantor, and is consistent with language already approved for the three other major investor owned utilities, staff recommends the approval of the proposed standard form.

Issue 2: Should this docket be closed?

Recommendation: If the Commission approves staff's recommendation, and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 100217-EI should be closed upon issuance of a Consummating Order. The tariff should be effective as of June 15, 2010, the date of the Commission's vote. If a protest is filed within 21 days of the issuance of the Commission's order, the tariff should remain in effect pending resolution of the protest. Potential signatories to the tariff should be aware that TECO's tariff may be subject to a request for hearing, and if a hearing is held, may subsequently be revised. (Klancke)

Staff Analysis: If the Commission approves staff's recommendation, and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 100217-EI should be closed upon issuance of a Consummating Order. The tariff should be effective as of June 15, 2010, the date of the Commission's vote. If a protest is filed within 21 days of the issuance of the Commission's order, the tariff should remain in effect pending resolution of the protest. Potential signatories to the tariff should be aware that TECO's tariff may be subject to a request for hearing, and if a hearing is held, may subsequently be revised.