

P R O C E E D I N G S

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2 **CHAIRMAN BRISÉ:** Moving on to item number 9.

3 **MS. HUDSON:** Commissioners, Shannon Hudson on
4 behalf of staff. If you don't mind, I'll do item 9 and
5 10 together. They both address the same issues.

6 **CHAIRMAN BRISÉ:** That is fine with me.

7 **MS. HUDSON:** Item 9 and 10 are application for
8 approval of miscellaneous service charges for Holiday
9 Gardens and Crestridge Utilities.

10 Staff has an oral modification to item 9. In
11 Issue 2 of staff recommendation paragraph, the initial
12 customer, customer deposit should be \$24 instead of \$25.

13 Staff is prepared to answer any questions you
14 may have at this time.

15 **CHAIRMAN BRISÉ:** Okay. Thank you very much.

16 Commissioners, any questions?

17 Commissioner Balbis. And feel free to ask
18 questions on 9 or 10.

19 **COMMISSIONER BALBIS:** Okay. Thank you.

20 And my comments pertain to both 9 and 10 since
21 they are very similar.

22 The issue that I have concerns the convenience
23 charge of \$2.50, and that item revisits something that I
24 know myself, and I believe, Mr. Chairman, you had made
25 comments at the last, in August about this. And in that

1 case the utility provided justification as far as
2 clerical, cost of paper, credit card machine costs, et
3 cetera, to, to support the \$2.50.

4 In this case there was not the same level of
5 sufficient justification for it. And in my briefing
6 when I asked staff what was the result of the utility
7 having this process and if revenues increased, and, Ms.
8 Hudson, I believe you responded that revenues increased
9 because of having this, this provision.

10 So my concern is that the utility did not
11 provide sufficient justification for that fee, and the
12 only costs that they did include were the costs of the
13 machine, which was 100% allocated to the other utility
14 customers, and that the only benefit is to the utility
15 where there are increased revenues. And so I have
16 concerns with the convenience fee. I don't think it's
17 justified. And I'd like to hear from my fellow
18 Commissioners on that.

19 **CHAIRMAN BRISÉ:** All right. I raised the same
20 question in my briefing, and I think I was -- there was
21 a \$2.55 justification that was explained to me that
22 that's what the utility showed as how much it would --
23 in essence justification for \$2.55 expense or, or if you
24 spread it out.

25 **MS. HUDSON:** That's correct.

1 **CHAIRMAN BRISÉ:** So if you can walk through
2 that for me, please.

3 **MS. HUDSON:** Basically these two utilities --
4 Commissioner Balbis is correct. The justification that
5 was provided for the two utilities that we're speaking
6 on here today was similar to what was done for the other
7 three utilities. And what we -- that charge was
8 developed by -- according to the utility, there's
9 additional staff time involved with processing the
10 credit card payment transactions.

11 The first part of the charge is relative to
12 the, the person who answers the phone, the time spent
13 conducting the actual process of looking up their
14 account, processing the charge, there's paperwork
15 involved as far as the recordkeeping of the transaction.
16 And there's also additional time spent on the
17 bookkeeping -- bookkeeper reconciling -- at the end of
18 the day I believe the credit card machine prints out
19 some sort of batch report that has to be matched up to
20 the receipts for the day. And then they have an outside
21 accountant that -- there's more accountant work involved
22 with keeping track of the credit card payments, like if
23 it doesn't reconcile, you have to track down which
24 particular transaction. So there's more time involved
25 with keeping up with the credit card processing

1 transactions, and as well as the equipment. Again, it
2 was allocated the last time for the 2.50 that was
3 approved. And also the paper cost of printing out the
4 various batch reports and receipts that are attached to
5 the files.

6 **CHAIRMAN BRISÉ:** Yeah. And so -- and I'm
7 pretty sure Commissioner Balbis' concern is similar to
8 mine, is that this is counterintuitive, right, that if
9 you are going to use credit cards to make payments and
10 so forth, that the costs in theory should, should drop.
11 But as I asked staff, a lot of these customers, rather
12 than doing it online or anything of the sort, they're
13 actually coming to the facility to have the cards
14 swiped. And so I think that that creates a different
15 dynamic.

16 Go right ahead.

17 **MS. HUDSON:** They actually call in. I don't
18 think the utility has the ability -- it's not online
19 where they could do it on a computer. It's all by
20 phone.

21 **CHAIRMAN BRISÉ:** Right. Right. So, so that
22 is someone -- a human being actually taking that and
23 it's not completely automated. So I do have heartburn
24 over it, but recognizing that it's not real automation,
25 I think that I could live with the justification.

1 Commissioner Balbis.

2 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

3 I guess to clarify then from staff, as far as
4 additional revenues that the utility receives by having
5 this, did you quantify that at all or do you have any
6 information on that?

7 **MS. HUDSON:** No, I don't have any quantifying
8 numbers on that, and I believe another staff member
9 actually spoke on that in the briefing. But I guess --
10 we didn't do an analysis as to whether or not the
11 revenues or any bad debt associated with increased
12 revenues was in any sort of offset because we didn't
13 look at the charge as being strictly for people who are
14 delinquent customers. Everybody has the means if they
15 want to pay. It's a convenience for everyone. And we
16 can't say that it was necessarily being used by the
17 delinquent payers alone.

18 **COMMISSIONER BALBIS:** Okay. And you indicated
19 to the Chairman that there's additional costs associated
20 with paper being printed out, et cetera. And I do
21 recall in the previous case there was a lot of backup
22 information on that, but I couldn't find it in this
23 case. Did they provide that same level of documentation
24 for this case?

25 **MS. HUDSON:** They didn't provide the same

1 level of documentation. It's -- the manager actually
2 manages all, I guess, five of these utilities, and the
3 costs would be similar because it's the same staff. So
4 the justification was just simply the same as what was
5 provided in the last case, the other three utilities.

6 **COMMISSIONER BALBIS:** So it wasn't provided
7 for this case.

8 **MS. HUDSON:** Not in detail as it was in the
9 last case.

10 **COMMISSIONER BALBIS:** Okay. Then how, how
11 does staff account for in the last case the full, I
12 think it was five or six hundred dollars for the
13 machine, was allocated to the other three utilities. So
14 that's paid for. Why should these customers pay for a
15 machine that's already been paid for?

16 **MS. HUDSON:** In essence it was only allocated
17 amongst the three other utilities. The charge -- in
18 addition, the way the charge is calculated only
19 accounted for the administrative costs associated with
20 the utility. There's also additional costs that we did
21 not account for that the utility actually has to pay to
22 their, I guess the person, the company that processes --
23 there's a, I think they call them an acquirer who
24 handles all these transactions. We did not account for
25 those fees and that charge at all. So those above the

1 in-house administrative costs, there also are additional
2 fees that they are incurring in this regard. So we feel
3 that that kind of offsets any allocation that was
4 already done.

5 And if it presents to be a problem where the
6 utility may create some sort of overearnings having this
7 fee, there's surveillance that we do with annual reports
8 if they're collecting more than what their -- within
9 their authorized range of return.

10 **COMMISSIONER BALBIS:** Okay. And,
11 Commissioners, I have heartburn over this issue. I
12 think philosophically and logically having customers pay
13 more for a benefit that's for the utility I have issues
14 with. But on top of that, just the fact that I don't
15 believe the utility met its burden of proof in the
16 backup information to justify these costs. I'm
17 uncomfortable with staff pulling information from other
18 dockets for this one. I mean, we have to look at the
19 four corners of this case. They only provided
20 justification for the machine and that was it, and that
21 machine has already been paid for.

22 So I don't believe that the utility has met
23 its burden of proof in order to support these charges.
24 All the other charges the utility did a good job with
25 doing so, but this one is still lacking.

1 **CHAIRMAN BRISÉ:** All right. Do you have a
2 suggestion?

3 **COMMISSIONER BALBIS:** Well, my, my suggestion
4 would be for us to approve the, all of the other
5 miscellaneous service charges for Holiday Gardens with
6 exception to this convenience fee.

7 **CHAIRMAN BRISÉ:** All right. Commissioners?

8 **COMMISSIONER BROWN:** Mr. Chairman?

9 **COMMISSIONER BALBIS:** Yes.

10 **COMMISSIONER BROWN:** You know, when I read
11 this, I thought the 2.50 seemed quite reasonable. I
12 know most people know that they're paying the cost
13 associated as a convenience charge. I appreciate what
14 Commissioner Balbis is saying. We have approved similar
15 charges in the past. I really don't have heartburn with
16 this. I mean, I pay \$25 as a convenience charge for my
17 condo association for credit cards. So I felt that I
18 really didn't have any heartburn over the issue.

19 **CHAIRMAN BRISÉ:** Okay. Thank you.

20 Commissioner Edgar.

21 **COMMISSIONER EDGAR:** Thank you. And I know
22 we've touched on this, but if I could ask staff again
23 to, again refresh my recollection as to how this is
24 consistent that the 2.50 service -- \$2.50 convenience
25 fee under these circumstances comports with how we have

1 addressed this very similar issue for other utilities in
2 the past while as it has come before us.

3 **MS. HUDSON:** You mean outside of the other
4 three that we approved the actual 2.50 for in the past?

5 **COMMISSIONER EDGAR:** Yes.

6 **MS. HUDSON:** The only -- I believe when, when
7 the Commission approved the 2.50 for the other water
8 utility, it was the first time that those charges had
9 been approved for any water or wastewater utility.

10 The only other time a charge was approved was
11 for an electric, and they used to charge 3.5% of the
12 bill. And I don't think they, there are any companies
13 that are currently, off the top of my head are still
14 charging a fee. Everything is done through a third
15 party, which eliminates any need for them to have a
16 charge.

17 **MR. DEAN:** Yes, ma'am. The electricians all have
18 convenience charges. They range from a minimum of \$2.40
19 up to 4.95. Plus if your bill is higher than that,
20 there's additional increments that they use.

21 Now the difference is, as Ms. Hudson said,
22 they go through a third-party provider. So what the
23 third-party provider does is they remit back to the
24 utility 100% of the due amount of the bill. Okay? And
25 then the fees go all to the third-party provider. So

1 there is really no incremental overhead cost for the
2 utility when they use a third-party provider and they
3 get 100% of the due revenue.

4 And the little difference here and one reason
5 we've been supportive of these is when you use a, use a
6 credit card here, you pay some incremental labor in time
7 and paper, and admittedly it's not a precise science of
8 what it is, but it's a few dollars, and there is a
9 charge to the credit card company that actually is a
10 reduction in the revenue, the 2.5, 3, 4%, whatever the
11 master charge fee is. That is not remitted back to the
12 company. That is an absolute reduction in revenue to
13 them. So for that matter we think that this is a
14 reasonable charge.

15 And, Commissioner, I will concede there may be
16 some improvement in uncollectibles using this. We've
17 never been able to, and have not really thought about
18 how to analyze what those would be. But it is a
19 convenience fee. A lot of people would use it simply to
20 avoid writing a check, paying a 47 cent stamp -- unless
21 they've gone up, I forget -- and, you know, getting an
22 envelope and mailing it. It is a convenience. And I
23 would, I guess I would urge the characterization of a
24 convenience fee as opposed to a way to reduce arrears.
25 It may in fact help with lost bill collections. We just

1 don't know.

2 **CHAIRMAN BRISÉ:** Commissioner Balbis.

3 **COMMISSIONER BALBIS:** Just a follow-up. On
4 the other convenience charges that you mentioned, are
5 those, were those cost-based, based on justification by
6 the utility?

7 **MR. DEAN:** My understanding, since they're
8 unregulated by us, they're not tariffed. We don't
9 approve them. It's just something on the web site or
10 through other communication devices by the electric
11 that you can use this.

12 **COMMISSIONER BALBIS:** So the ones that, the
13 convenience charges that we did approve, how did we
14 determine those were appropriate?

15 **MS. HUDSON:** I believe they were just
16 percentages. Just 3.5%. I don't think it was --

17 **COMMISSIONER BALBIS:** So the utility didn't
18 provide any justification or they showed that that was
19 the fee that was charged to them in support?

20 **MS. HUDSON:** I believe it was the fee that was
21 charged to them by the third party off the top of my
22 head, subject to check.

23 **COMMISSIONER BALBIS:** And that really goes to
24 my point. The burden of proof is on the utility. They
25 didn't provide any of the justification for the cost.

1 The only cost they included was the cost of the machine
2 that was already paid for, and that, that is the
3 heartburn that I have on this case.

4 I'm okay with approving fees if they're
5 appropriate based on a cost to the utility, but provide
6 the justification, meet the burden of proof. And
7 there's nothing to prevent the utility from submitting
8 that if it's appropriate, but it's not included in this
9 docket.

10 **CHAIRMAN BRISÉ:** Commissioner Graham.

11 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

12 I agree with Commissioner Brown. I think the
13 fee is reasonable. I know every time I use my credit
14 card to pay different bills and fees, there's -- I can't
15 say every time, but for the most part there is a
16 convenience fee that's associated with it. So with that
17 being said, I'd move staff recommendation.

18 **COMMISSIONER EDGAR:** Second.

19 **CHAIRMAN BRISÉ:** It's been moved and seconded.
20 Any further comments?

21 Okay. All in favor, say aye.

22 **COMMISSIONER EDGAR:** Aye.

23 **COMMISSIONER BROWN:** Aye.

24 **CHAIRMAN BRISÉ:** Any opposed?

25 **COMMISSIONER BALBIS:** Nay.

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CHAIRMAN BRISÉ: Okay. Thank you. Item carries.

Let me see. That's 9 and 10.

COMMISSIONER GRAHAM: That was my motion.

CHAIRMAN BRISÉ: Sir?

COMMISSIONER GRAHAM: That was my motion.

CHAIRMAN BRISÉ: Okay. All right. So with that, thank you very much, and we stand adjourned.

(Agenda item concluded.)

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

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3
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18 DATED THIS 19th day of December,
19 2013.

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