

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: August 24, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Sibley) *MS 8/24*
Office of the General Counsel (Taylor) *WDT*

RE: Docket No. 20170152-SU – Request for approval of a late payment charge in Volusia County, by North Peninsula Utilities Corporation.

AGENDA: 09/07/17 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 9/8/17 (60-Day Suspension)

SPECIAL INSTRUCTIONS: None

Case Background

North Peninsula Utilities Corporation (NPUC or utility) is a Class B wastewater utility operating in Volusia County. NPUC provides wastewater service to approximately 586 customers. The City of Ormond Beach provides water to the area. NPUC's 2016 Annual Report lists operating revenues of \$231,238 and a net operating loss of \$2,399. On July 11, 2017, the utility filed an application to add a late payment charge. This recommendation addresses the utility's request. The Commission has jurisdiction pursuant to Section 367.091(6), Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should NPUC's request to implement a late payment charge be approved?

Recommendation: Yes. NPUC's request to implement a \$6.77 late payment charge should be approved. The utility should file the revised tariff sheets and a proposed customer notice to reflect the Commission-approved late payment charge. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The utility should provide proof of noticing within 10 days of rendering the approved notice. (Sibley)

Staff Analysis: The utility requested a \$6.77 late payment charge to recover the cost of supplies and labor associated with processing late payment notices. The utility's request for a late payment charge was accompanied by its reason for requesting the charge, as well as the cost justification required by Section 367.091, F.S. NPUC's labor cost of \$6.00 accounts for the office personnel time to review and process a delinquent account. The provided justification by NPUC also included costs for supplies of \$0.28 and postage of \$0.49 for printing and sending out late payment notices. The cost basis for the late payment charge is shown in Table 1-1.

Table 1-1
Late Payment Charge Cost Justification

Activity	Cost
Labor	\$6.00
Supplies	0.28
Postage	0.49
Total Cost	<u>\$6.77</u>

Source: Utility's cost justification documentation

Since the 1990s, the Commission has approved late payment charges ranging from \$2.00 to \$7.15.¹ The purpose of this charge is to provide an incentive for customers to make timely payments and to place the cost burden of processing delinquent accounts solely upon those who are cost causers.

Based on the above, NPUC's request to implement a \$6.77 late payment charge should be approved. The utility should file the revised tariff sheets and a proposed customer notice to reflect the Commission-approved late payment charge. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475(1), F.A.C.

¹Order Nos. PSC-17-0092-PAA-WU, in Docket No. 160144-WU, dated March 13, 2017, *In re: Application for transfer of Certificate No. 288-W in Pasco County from Orangeland Water Supply to Orange Land Utilities, LLC*; PSC-17-0091-FOF-SU, in Docket No. 150071-SU, dated March 13, 2017, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

Issue 2: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charges has been given to customers, the docket should be administratively closed. (Taylor)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that notice of the charges has been given to customers, the docket should be administratively closed.