

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of a late payment charge in Volusia County, by North Peninsula Utilities Corporation.

DOCKET NO. 20170152-SU
ORDER NO. PSC-2017-0441-PAA-SU
ISSUED: November 17, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN
GARY F. CLARK

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING LATE PAYMENT CHARGE BY NORTH PENINSULA
UTILITIES CORPORATION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

North Peninsula Utilities Corporation (NPUC or utility) is a Class B wastewater utility operating in Volusia County since 1977.¹ NPUC provides wastewater service to approximately 586 customers. The City of Ormond Beach provides water service 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. We considered the application at the September 7, 2017 Agenda Conference; following discussion with Commission staff we requested additional information and deferred the item to a later Agenda Conference. Commission staff received additional information from the utility on October 16, 2017. This Order addresses the utility's request. We have jurisdiction pursuant to Section 367.091(6), Florida Statutes (F.S.).

¹ See Order No. 8116, issued December 22, 1977, in Docket No. 770595-S, In re: Application of Shore Utility Corporation for a Certificate to Operate a Sewer Utility in Volusia County, Florida. Section 367.041, Florida Statutes.

Decision

The utility requested a \$6.77 late payment charge to recover the cost of labor and supplies associated with processing late payment notices. The utility's request for a late payment charge was accompanied by its reasons for requesting the charge, as well as the cost justification required by Section 367.091(6), F.S. The goal of allowing late payment charges is two fold: first, it encourages customers to pay their bills on time, and second, if payments are not made on time, it ensures that the cost associated with collecting late payments are not passed on to the customers who do pay on time.²

The utility has a total of 586 customer accounts and approximately 12 percent of the customers do not pay by the due date each month. The utility indicated that during September 2017, approximately 61 percent of the overdue accounts were more than 90 days past due. Since this is a wastewater only utility, it is extremely costly and time consuming to discontinue wastewater service for late bills. Because the utility does not currently have an approved late payment charge, the utility's only recourse is to either discontinue the customer's wastewater service or file a property lien for the outstanding balance. The utility indicated that it files eight to ten liens per year for accounts that are excessively delinquent.

The utility included \$6.00 for labor associated with processing late payments. The late payment notices are processed by an employee of the affiliated management group, Peninsula Management Group (PMG), which operates the utility and provides the billing functions. PMG pays the billing employee a salary of \$35 per hour which includes all employment benefits. This employee is manager over the billing and collections for the utility, processing calls and messages from the office on weekdays and weekends, and coordination between the plant's operator, engineer, and the management group. PMG bills the utility approximately \$7,800 per month for the operation and management of the utility. The billing employee's hourly salary plus benefits is consistent with Commission practice. Within the past three years, we have approved late payment charges based on salaries ranging from \$17.76 to \$39.00 per hour.³

The billing employee spends approximately 12 hours per month processing an average of 70 delinquent accounts. This equates to approximately 10 minutes to process a single late payment notice. We have found that 10 to 15 minutes is an appropriate amount of time for a billing employee to process a single late payment.⁴

² See Order No. PSC-01-0998-TRF-WU, issued April 23, 2001, in Docket No. 010232-WU, In re: Request for approval of tariff filing to add "set rate" late fee to water tariff, by Lake Yale Treatment Associates, Inc. in Lake County.

³ See Order No. PSC-14-0335-PAA-WS, issued June 30, 2014, in Docket No. 130243-WS, In re: Application for staff-assisted rate case in Highlands County by Lake Placid Utilities Inc.; PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.

⁴ See Order Nos. PSC-16-0041-TRF-WU, in Docket Nos. 150215-WU, issued January 25, 2016, In re: Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions, the Ellison Park Subdivision and the Lake Region Paradise Island Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.; PSC-15-0569-PAA-WS in Docket No. 140239-WS, issued December 16, 2015, In re:

Over the past seven years, we have approved late payment charges ranging from \$4.90 to \$7.15.⁵ Based on the salary and time spent per notice, NPUC calculated a labor cost of \$6.00. The utility is also requesting recovery of \$0.28 for supplies and \$0.49 for postage. The utility's cost justification for its requested late payment charge is shown on Table 1.

Table 1
Late Payment Charge Cost Justification

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

Source: Utility's cost justification documentation

Based on the above, NPUC's request to implement a \$6.77 late payment charge is approved. The utility shall file the revised tariff sheets and a proposed customer notice to reflect the Commission-approved late payment charge. The approved charge shall 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.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that North Peninsula Utilities Corporation's request to implement a \$6.77 late payment charge is hereby granted. It is further

ORDERED that NPUC shall file a proposed customer notice to reflect the approved charge. It is further,

ORDERED that the revised tariff sheet shall become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that the approved charge shall not be implemented until Commission staff has approved the proposed customer notice. It is further

ORDERED that the Utility shall provide proof of the data notice was given no less than ten days after the notice.

Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.; PSC-16-0523-TRF-WU, in Docket No. 160023-WU, issued November 21, 2016, *In re: Application for transfer of majority organizational control of Sunny Shores Water Company, Inc., holder of Certificate No. 578- W in Manatee County, from Jack E. Mason to Jack E. Mason, II and Debbie A. Mason.*

⁵ See Order Nos. PSC-14-0105-TRF-WS, in Docket Nos. 130288-WS, issued February 20, 2014, *In re: Request for approval of late payment charge in Brevard County by Aquarina Utilities, Inc.;* PSC-15-0535-PAA-WU in Docket No. 20140217-WU, issued November 19, 2015, *In re: Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.;* PSC-15-0569-PAA-WS in Docket No. 20140239-WS, issued December 16, 2015.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. It is further

ORDERED that once these actions are complete, this docket should be closed administratively.

By ORDER of the Florida Public Service Commission this 17th day of November, 2017.



HONG WANG
Chief Deputy Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 8, 2017.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.