

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of Glen Webb
against Florida Power & Light
Company concerning Tariff Sheet
4.020, which allows a late
payment fee to be assessed on
past-due electric bills.

DOCKET NO. 990179-EI
ORDER NO. PSC-99-0924-PAA-EI
ISSUED: May 10, 1999

The following Commissioners participated in the disposition of
this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING COMPLAINT

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.

I. Case Background

On November 3, 1998, Mr. Glen Webb filed a complaint with the
Division of Consumer Affairs (CAF) regarding the addition of a
\$0.16 late payment charge to his bill. Mr. Webb expressed concern
that FPL is allowed to assess a late payment charge on unpaid
balances. After Mr. Webb contacted CAF, FPL removed the \$0.16
charge as a customer courtesy. CAF then forwarded the complaint to
the Division of Electric and Gas (EAG) to address the customer's
concern regarding FPL's tariff which allows for the assessment of
a late charge. EAG responded to the customer on January 26, 1999,
explaining both that we had approved the late charge in 1991 and
the reason for our approval of it. Mr. Webb responded with a

DOCUMENT NUMBER-DATE

05876 MAY 10 99

FPSC-RECORDS/REPORTING

letter requesting that a formal proceeding be opened for us to consider reducing or eliminating the late payment charge.

II. History of the Late Payment Charge

In Docket No. 900836-EI, Order No. 24271, issued March 21, 1991, we approved a provision in Florida Power & Light Company's (FPL) Tariff Sheet No. 4.020, which allows FPL to collect a late payment charge. The tariff allows FPL to collect late payment charges when a customer fails to pay a bill by the "past due" date indicated on the bill. The charge is 1.5 percent of any unpaid prior months' billings. Rule 25-6.101, Florida Administrative Code, states that a bill becomes past-due 21 days after the date of mailing.

In the past we have also approved similar late payment charges for other Florida utilities. One of the first investor-owned utilities in Florida to receive approval for a late payment charge was Southern Bell. See Order No. 17915, issued July 27, 1987, in Docket No. 870456-TL. In Order No. PSC-95-1087-FOF-EI, issued August 31, 1995, we approved a late payment charge for Florida Power Corporation and in Order No. PSC-96-0469-FOF-EI, issued April 4, 1996, we approved a late payment charge for Tampa Electric Company.

III. Rationale for the Late Payment Charge

The late payment charge appropriately places the costs caused by late paying customers on those customers and not on the general body of ratepayers who pay their bills on time. In our order approving the late payment charge for Southern Bell, we stated that "this Commission has consistently taken action to place costs on the cost-causer rather than the general body of ratepayers. We see no reason for the general body of ratepayers to support late-paying customers." In our order approving FPL's late payment charge we expressed a similar sentiment:

We agree with FPL that a late payment charge will more properly collect the costs of unpaid balances from those customers who do not pay their bills on time. The charge should also encourage prompt payment of bills, thus reducing expenses associated with late payments.

Fees for late payment or non-payment are a reasonable, accepted business practice. Utility rates are set assuming that

customers will pay their bills in the specified time frame, i.e., within the 20 days stated on the bill. The utility incurs costs to provide power and when expected revenue is not received by the due-date, the utility incurs additional costs. FPL stated that in 1998 total expenses to cover costs for residential, commercial, and industrial accounts that did not pay by the past-due date amounted to approximately \$22,000,000. Account write-offs are the main contributor to those costs. The revenues generated in the same year by the late payment charge were \$13,735,000.

FPL indicated that 49 percent of its residential customers incurred one or more late payment charges in 1998. Of those 49 percent, 16 percent incurred one late payment charge, 13 percent incurred 2 or 3 late payment charges, 10 percent incurred 4, 5, or 6 late payment charges, and 10 percent incurred 7 or more late payment charges. The average late payment charge in 1998 paid by a residential customer was \$1.65. The average late payment charge paid by a commercial customer for the same period was \$5.10.

Mr. Webb alleges that some residential customers may not have a viable way to avoid the late payment charge, however, we note that FPL has indicated that it offers several payment programs to assist customers. The *62Plus Plan* is directed at FPL's senior citizen customers. This plan is optional and extends the due date to coincide with the date customers receive Social Security or other fixed income payments. The *Double Notice Protection Plan* designates a third party to receive notification of any final notice rendered on an account. This plan protects customers who may misplace or forget their bill. *Automatic Fund Transfer* allows FPL to automatically withdraw the bill amount from the customer's bank account, based on a pre-authorization from the customer. This option eliminates postage cost and check writing for the customer. The *CheckFree E-Bill* allows customers with access to the Internet to electronically receive and pay bills from anywhere in the world. Customers that do not have a bank account can pay with cash or money order at payagents. FPL has asserted that there is no charge for any of the optional services listed.

We note that the tariff provides for FPL to apply the late payment charge for charges which are unpaid as of the past due date (day 21). It is FPL's policy, however, not to apply the late payment charge until the next bill calculation date (day 30). This "grace period" between the past-due date and the next billing date is uniformly applied to all customers. We also note that it

ORDER NO. PSC-99-0924-PAA-EI
DOCKET NO. 990179-EI
PAGE 4

provides a few extra days for payment to reach FPL before a late payment charge is assessed.

IV. Conclusion

In summary, we find that the late payment charge is an appropriate charge which places the costs associated with unpaid bills on the cost causer and encourages prompt payment, thereby reducing expenses associated with unpaid balances. The late payment provision in Tariff Sheet No. 4.020 shall not be modified.

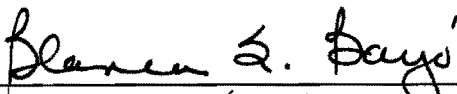
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the complaint of Mr. Glen Webb against Florida Power & Light Company concerning Tariff Sheet 4.020, is denied. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 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 be closed.

By ORDER of the Florida Public Service Commission this 10th day of May, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

GAJ

ORDER NO. PSC-99-0924-PAA-EI
DOCKET NO. 990179-EI
PAGE 5

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders 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 Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 31, 1999.

In the absence of such a petition, this order shall become final and effective on the day a consummating order is issued.

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