

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tariff filing to revise water and wastewater tariffs to implement convergent billing for multiple utility services in Martin County by Indiantown Company, Inc.

DOCKET NO. 981612-WS
ORDER NO. PSC-99-0376-FOF-WS
ISSUED: February 22, 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.

ORDER APPROVING TARIFF REVISION FOR CONVERGENT BILLING

BY THE COMMISSION:

BACKGROUND

Indiantown Company, Inc. (Indiantown or utility) is a Class B utility which provides water and wastewater service in Martin County. According to the utility's 1997 annual report, it serves 1,715 water customers and 1,582 wastewater customers. The utility also reported in its 1997 annual report, water revenues in the amount of \$457,745 and wastewater revenues in the amount of \$516,694.

Water in the utility's service area is under the jurisdiction of the Southwest Florida Water Management District, and Indiantown is located in a Water Use Caution Area. The utility's last rate case processed under Docket No. 970556-WS, requested a name change, transfer of assets and majority organizational control. By Order No. PSC-97-1171-FOF-WS, issued October 1, 1997, we approved the utility's application.

POSTCO is the parent company of Indiantown, ITS Telecommunications Systems, Inc. (local carrier), Arrow Communications (long distance carrier), and an unregulated

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garbage/refuse business. Indiantown currently provides water, wastewater, and refuse service.

On November 12, 1998, we received Indiantown's proposed revision to its existing tariff, which would enable the utility to provide convergent billing. On December 29, 1998, our staff requested additional information from Indiantown's attorney concerning convergent billing. On December 31, 1998, the utility's attorney submitted the information requested by staff and waived the 60-day statutory suspension date.

TARIFF

Indiantown is planning to participate in convergent billing whereby its customers will be charged for all utility services rendered for the month on a single invoice. Currently, the utility offers water service, wastewater service, and refuse service. The utility plans to participate in convergent billing with ITS Telecommunications Service, Inc. and Arrow Communications, Inc. Indiantown has indicated that all utility services delivered to a customer will be itemized on one bill. For illustrative purposes, the utility has provided an example of the projected billing format for convergent billing:

<u>Type of Service</u>	<u>Amount Due</u>
Telephone Service	\$ 18.46
Telephone Service	24.95
Telephone Service	10.50
Internet Service	14.95
Water and Sewer Service	<u>22.50</u>
Total Amount Due	\$ <u>91.36</u>

Indiantown has indicated that ITS Telecommunications Systems, Inc. will be responsible for implementing the monthly invoice procedure, distributing to customers, receipt of payment, and allocating payments. Upon receipt of payment for an invoice, the telephone company will process the payment as follows: if payment for the invoice is for the full amount, the invoice is fully liquidated. On the other hand, the utility has indicated that a partial payment of the total bill for all services will be applied first to water and wastewater service, then to local telephone service and finally to any non-regulated services.

ITS Telecommunications Systems, Inc. (ITS) and Arrow Communications, Inc. (Arrow), which are both regulated by us, have also filed tariffs for convergent billing with Indiantown. The tariffs are effective at this time, although billing under the new system has not yet commenced. They are the first tariffs for multi-industry charges which have been filed with us. ITS filed its tariff on November 10, 1998, to implement convergent billing. ITS is a price-capped LEC with less than 100,000 access lines in Florida (specifically, Indiantown). As a price-capped LEC, ITS' non-basic services tariffs are presumptively valid and become effective 15 days from the date of filing.¹ In this instance, neither our statutes nor rules address issues of convergent billing.

We were initially concerned that convergent billing might conflict with our on-going investigation regarding telecommunications billing practices. However, in this instance, we do not believe that convergent billing will adversely affect the outcome of our study, because the billing practice of "cramming" and other fraudulent activities involve the unauthorized billing of a telecommunications subscriber for services the subscriber has otherwise not ordered and may not be receiving. In the proposed convergent billing, the "ride-on" billed item - water and wastewater - is a regulated, essential service. Further, we believe that the utilities' proposal to apply any partial payment to water and wastewater service first does not conflict with Rule 25-4.110(9)², Florida Administrative Code, because those services are regulated by us.

In consideration of the foregoing, we find that convergent billing is cost effective and less time consuming for Indiantown's staff. Indiantown has indicated that prior to the purchase of the present convergent billing system, ITS prepared bills for Indiantown on a shared billing system. Under the old system, ITS ran telephone bills and then processed a separate run for water and wastewater bills. Each set of bills was processed and mailed

¹ Chapter 364.051(6)(a) provides in part that a price regulated company shall maintain tariffs with the Commission and may set and change its rates on 15 days' notice and that these filings shall be presumptively valid.

² Rule 25-4.110(9), Florida Administrative Code, provides that "Each local exchange company shall apply partial payment of an end user/customer bill first towards satisfying any unpaid regulated charges. The remaining portion of the payment, if any, shall be applied to nonregulated charges."

separately. Accordingly, mailing and postage costs were incurred on both runs. Because the telephone and water and wastewater bills will be combined, processing, mailing and postage costs will now be allocated, thus resulting in savings for the utility. Any allocations of expenses will be determined in the utility's next rate case.

Based on the foregoing, we find that convergent billing is beneficial to both the utility and its customers. Therefore, Indiantown's proposed, submitted tariff sheets are hereby approved. Convergent billing shall be implemented on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code, provided customers have received notice. The utility shall provide proof that the customers have received notice within 10 days after the date of the notice. Further, the utility's customer billing statements shall clearly state the utility's policy with regard to partial payment of bills, as discussed earlier in this Order. Indiantown shall report back to this Commission in twelve months of the issuance date of this Order to provide information regarding customer reaction to the convergent billing. Indiantown shall also file revised water tariff Sheet No. 27.0 and wastewater tariff Sheet No. 23.0. These tariff sheets provide examples of how the actual customer utility bills will appear. These tariff sheets shall be approved administratively upon our staff's verification that the tariffs are consistent with our decision herein.

The approved tariff sheets shall become final if a formal protest is not received from a substantially affected person within 21 days of the issuance date of this Order. If a protest is filed within 21 days of the issuance date of this Order, the tariff shall remain in effect, on an interim basis, pending resolution of the protest. Upon our staff's verification that the utility's timely filing of revised water tariff Sheet No. 27.0 and wastewater tariff Sheet No. 23.0 is in accordance with our decision herein, and if no timely protest is filed, this docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Indiantown Company, Inc.'s proposed tariff to provide convergent billing is hereby approved. It is further

ORDERED that the tariff shall become effective for services rendered on or after the stamped approval date on the tariff

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sheets, provided that the customers have received notice. The utility shall provide proof that the customers have received notice within 10 days after the date of the notice. It is further

ORDERED that Indiantown Company, Inc.'s customer billing statements shall clearly state the utility's policy with regard to partial payment of bills, as discussed earlier in this Order. It is further

ORDERED that Indiantown Company, Inc. shall report back to this Commission in twelve months of the issuance date of this Order to provide information regarding customer reaction to the convergent billing. It is further


ORDERED that Indiantown Company, Inc. shall file revised water tariff Sheet No. 23.0 and revised wastewater tariff Sheet No. 27.0, which shall be approved administratively upon staff's verification that the utility's filing is in accordance with our decision herein. It is further

ORDERED that the tariff revision approved herein is interim in nature and shall become final unless a substantially affected person files a petition for a formal proceeding which is received by the Director, Division of Records and Reporting, by the date in the Notice of Further Proceedings set forth below. It is further

ORDERED that if a timely protest is filed in accordance with the requirements set forth below, this tariff shall remain in effect pending resolution of the protest. It is further

ORDERED that upon our staff's verification that the utility's timely filing of revised water tariff Sheet No. 27.0 and wastewater tariff Sheet No. 23.0 is in accordance with our decision herein, and if no timely protest is filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 22nd day of February, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files 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 March 15, 1999.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

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.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.