

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: March 17, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Joyce, Rendell)
Office of the General Counsel (Jaeger)

RE: Docket No. 050096-WS – Request for revision of Tariff Sheets 14.0 and 15.1 to change request for meter test by customer and premise visit charge, by Marion Utilities, Inc.

AGENDA: 03/29/05 – Regular Agenda – Tariff Filing – Interested Persons May Participate

CRITICAL DATES: 04/04/05 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050096.RCM.DOC

Case Background

Marion Utilities, Inc. (Marion or utility) is a Class A utility which provides service in Marion County to approximately 4,032 water and 118 wastewater customers. The utility is primarily in the St. Johns River Water Management District, all of which is considered a water use caution area. The utility's 2003 annual report shows a combined water and wastewater annual operating revenue of \$1,183,322, and a total utility operating income of \$62,942.

On February 2, 2005, Marion Utilities, Inc. (Marion or utility) filed an application for changes and additions to Tariff Sheets Nos. 14.0 and 15.1. These changes include increasing its Request for Meter Test by Customer Charge, eliminating the Premise Visit Charge (in lieu of disconnection) charge, adding a Premise Visit Charge, and adding a Delinquent Payment Charge. After conversation with staff on March 2, 2005, the utility withdrew its request for changes to Tariff Sheet No. 14.0, Request for Meter Test by Customer, because its request exceeded the limits for these charges set by Rule 25-30.266, Florida Administrative Code.

Docket No. 050096-WS

Date: March 17, 2005

This recommendation addresses staff's analysis of the utility's requested tariff changes. The Commission has jurisdiction pursuant to section 367.091, Florida Statutes.

Discussion of Issues

Issue 1: Should Marion's request for changes and additions to Tariff Sheet No. 15.1 be approved?

Recommendation: Yes. The utility's Second Revised Sheet No. 15.1 should be approved as filed. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent. (Joyce)

Staff Analysis: Changes and additions to Marion's Tariff Sheet No. 15.1 are listed below.

Miscellaneous Service Charge

In its application, the utility requested to change its miscellaneous service charges. The utility wants to increase the \$15.00 charge for connection and reconnections during normal hours to \$20.00. The utility states that the current fees have been in effect since 1992, and that its costs for transportation, salaries and benefits have increased a great deal. The utility is also requesting an increase to its after hours service charge. The current fee is \$30.00, and the utility is requesting an increase to \$40.00. The current charge was approved in Order No. 25750, issued February 18, 1992, in Docket No. 911219-WS, In re: Request to implement increased after hours miscellaneous service charges in Marion County by Marion Utilities, Inc., where the utility requested an increase to this charge to avoid passing costs on to the general ratepayers. This charge is based on paying its personnel time and a half for after hours calls. In addition, the utility also states that the price index for rates has increased 28.5%, while its service fees have remained the same. Further, the utility states that these charges will not cause Marion to exceed its authorized rate of return established by the Commission. Staff recommends that these increases be approved to allow the utility to recover the costs of its increased expenses for connection, reconnection, and after hours calls.

Premise Visit Charge

Currently, Marion's tariff includes a Premise Visit Charge (in lieu of disconnection). The utility has requested to eliminate this charge because they do not accept payment in the field. Marion states that all payments are handled in the office or by mail. As such, staff recommends that this charge be eliminated.

The utility has requested to add a "Premise Visit Charge" to its tariff. This charge will be levied when a service representative visits a premise at the customer's request for a complaint and the problem is found to be the customer's responsibility. This charge is consistent with Rule 25-30.460(1)(d), Florida Administrative Code. As such, staff believes that this charge is reasonable and should be approved.

Delinquent Payment Charge

The utility has requested to add a delinquent payment charge of \$5.00 for any customers that pay their bill after the 20th of the month. This charge will cover the cost of paper, printing and preparation and mailing of the late notice. The utility feels that customers who pay on a timely basis should not bear the cost of those who rarely pay on time. A breakdown of this charge is listed below:

\$2.25	Office personnel, time to search accounts to determine that the bill has not been paid.
2.50	Prepare, print and sort notices for mailing and transport to Post Office
.22	Postage
.05	Materials
<u>\$5.02</u>	Total

Staff believes that \$5 is a reasonable late fee charge for this utility. A late fee of less than \$5 would not allow the utility to recover its costs of processing delinquent accounts.

In the past, late payment fee requests have been handled on a case-by-case basis. The Commission has approved late fees in the amount of \$5 in several orders to include, Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, In re: Application for transfer of Certificate No. 123-W in Lake County from Theodore S. Jansen d/b/a Ravenswood Water System to Crystal River Utilities, Inc., finding that the cost causer should pay the additional cost incurred to the utility by late payments, rather than the general body of the utility's rate payers; and in Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU, In re: Application for staff-assisted rate case in Osceola County by Morningside Utility, Inc.

Presently, Commission rules provide that late payers may be required by the utility to provide an additional deposit. However, there is no further incentive for either delinquent or late paying customers to pay their bills on time after the additional deposit.

In 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, the Commission found that the goal of allowing late fees to be charged by a utility is twofold: first, to encourage current and future customers to pay their bills on time; and second, if payment is not made on time, to insure that the cost associated with the late payments is not passed on to the customers who do pay on time. Allowing a late fee will encourage prompt payment by current and future customers. Therefore, staff recommends that, consistent with Order No. PSC-01-0998-TRF-WU, the \$5 late payment should be approved.

Summary

In summary, the utility's Second Revised Sheet No. 15.1 should be approved as filed because the increased charges are cost-based and reasonable. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be

Docket No. 050096-WS

Date: March 17, 2005

effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code, provided that the notice has been approved by staff. Within 10 days of the date the order is finalized by a Consummating Order, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide staff with proof that the customers have received notice within 10 days after the date that the notice was sent.

Docket No. 050096-WS

Date: March 17, 2005

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the revised tariff should become effective on or after the stamped approval date on the revised tariff sheet, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. (Joyce, Jaeger)

Staff Analysis: If Issue 1 is approved, the revised tariff should become effective on or after the stamped approval date on the revised tariff sheet, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order.