

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request to establish  
late fee in Columbia County by  
Consolidated Water Works, Inc.

DOCKET NO. 011482-WU  
ORDER NO. PSC-01-2468-TRF-WU  
ISSUED: December 18, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman  
J. TERRY DEASON  
LILA A. JABER  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI

ORDER APPROVING IMPLEMENTATION OF A LATE PAYMENT CHARGE

BY THE COMMISSION:

BACKGROUND

Consolidated Water Works, Inc. (Consolidated or utility) is a Class C water utility located in Columbia County. According to the utility's 2000 Annual Report, it serves approximately 227 residential customers and 3 general service customers. For the year ended December 31, 2000, the utility reported revenues of \$45,339 and operating expenses of \$62,377 for water. This resulted in a net operating loss of \$17,038.

The utility filed an application for a staff assisted rate case on November 6, 2000. By Order No. PSC-01-1988-PAA-WU, issued October 8, 2001, in Docket No. 001682-WU, we granted a rate increase of \$24,697 (54.47%) to the utility. Consummating Order No. PSC-01-2133-CO-WU was issued October 31, 2001.

On November 5, 2001, Consolidated filed an application requesting the approval of a \$5 late payment charge. We have jurisdiction pursuant to Section 367.091, Florida Statutes.

DOCUMENT NUMBER-DATE

15747 DEC 18 2001

FPSC-COMMISSION CLERK

TARIFF FILING

Consolidated filed a tariff request for approval to implement a late payment charge of \$5, pursuant to Section 367.091(6), Florida Statutes. This section authorizes a utility to file an application to establish, increase, or change a rate or charge other than monthly rates for service or service availability and requires that the application be accompanied by cost justification. The utility provided the following computations as justification for its request:

- **Labor** \$3.25 - Extracting names and addresses of delinquent customer accounts from the computer. Preparing and writing final notice for each delinquent account, making copies of final notice for record purposes and preparing envelopes for final notice forms. (15 minutes labor for each account)
- **Postage** \$ .34 - First Class Mail
- **Supplies** \$1.00 - Office supplies used to send notices to customers. (Envelopes, paper, labels, printing supplies)

As illustrated above, Consolidated provided documentation showing that it incurs a cost of \$4.59 per late account.

In a letter dated October 30, 2001, Ms. Pam Dones, the utility's bookkeeper and secretary, informed us that each month the same customers consistently fail to pay their water and wastewater bills in a timely manner. She reported that out of the utility's 230 customers, about 34% are consistently delinquent in rendering payment. According to Ms. Dones, she spends a sizeable amount of time handling billing complaints from a large percentage of delinquent paying customers.

Ms. Dones explained that she hand writes each notice prior to sending them out because the utility's computer software is not capable of electronically creating the notices. Ms. Dones then creates labels for the envelopes and delivers them to the post

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office to be sent to the customers. Ms. Dones sends the notices U.S. Mail First Class at a cost of \$0.34 per notice.

In the past, late payment fee requests have been approved on a case-by-case basis. By Order No. PSC-00-1237-TRF-WU, issued July 10, 2000, in Docket No. 000552-WU, we found that the cost causer should pay the additional cost incurred by Palm Cay Utilities Inc., for late payments, rather than the general body of the utility's rate payers. By Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU, we approved late payment fees in the amount of \$5 for Morningside Utility, Inc. We also approved a late payment fee of \$4 for Lake Yale Treatment Associates, Inc., by Order No. PSC-01-0998-TRF-WU, issued April 23, 2001, in Docket No. 010232-WU.

Presently, our 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.

By Order No. PSC-01-0998-TRF-WU, issued April 23, 2001, in Docket No. 010232-WU, we found that the goal of allowing late payment fees to be charged by a utility is two fold: first, it encourages current and future customers to pay their bills on time; and second, if payments are not made on time, it insures that the cost associated with collecting late payments are not passed on to the customers who do pay on time. Consolidated's delinquent accounts make up a large percentage of its customer accounts receivable, and allowing a late payment fee will encourage prompt payment by current and future customers.

Based on the above, we find it appropriate to approve the utility's request for a \$5 late payment charge. Second Revised Tariff Sheet No. 20.1, to reflect the \$5 late payment charge, shall be approved as filed. The \$5 late payment charge shall be implemented on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice.

If a protest is filed within 21 days of the issuance date of the Order, the tariffs shall remain in effect with all late payment charges held subject to refund pending resolution of the protest,

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and the docket shall remain open. If no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Consolidated Water Works, Inc.'s tariff filing to implement a late payment fee in the amount of \$5 is hereby approved. It is further

ORDERED that the tariff shall become effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that if a timely protest is filed pursuant to the requirements set forth in the notice of further proceedings below, all increased revenues resulting from the late payment charges shall be held subject to refund pending resolution of the protest. It is further

ORDERED that the tariff shall become final if a substantially affected person does not file a petition for a formal proceeding within 21 days of the issuance date of this order. If no such petition is received, this docket shall be closed upon the issuance of a Consummating Order.

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By ORDER of the Florida Public Service Commission this 18th  
day of December, 2001.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

LDH

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 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

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Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 8, 2002.

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 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.