

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Request for approval of tariff amendment
to include a late payment fee of \$5 in Osceola
County by O&S Water Company, Inc.

DOCKET NO. 060506-WU
ORDER NO. PSC-06-0823-TRF-WU
ISSUED: October 6, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER APPROVING LATE PAYMENT FEES

BY THE COMMISSION:

Background

O & S Water Company, Inc. (O & S or utility) is a Class B water utility located in Osceola County. According to the utility's 2005 annual report, it serves approximately 1,391 customers. In addition, the annual report reflects annual operating revenue of \$737,286 and a net operating loss of \$87,499.

The Commission granted the utility Certificate No. 510-W to provide service to certain territory in Osceola County and established initial rates and charges when the utility was known as C & S Water Company.¹

On July 25, 2006, O & S filed a proposed revised tariff sheet requesting approval of a late payment charge. We have jurisdiction pursuant to Section 367.091, Florida Statutes.

¹Order No. 20583, issued on January 10, 1989, in Docket No. 870392-WU, In Re: Objection to application for C&S Water Company for a water certificate in Osceola County, granted the certificate, and Order No. PSC-92-0204-FOF-WU, issued April 14, 1992, in Docket No. 910895-WU, In Re: Application for transfer of majority organizational control of C&S Water Company's certificate No. 510-W in Osceola County from Doug Stewart and the Estate of Jack Chernau to Douglas B. Stewart, established the rate base. By Order No. PSC-92-1339-FOF-WU, issued November 18, 1992, in Docket No. 920941-WU, In Re: Request for name change on certificate No. 510-W in Osceola County from C&S Water Company to O&S Water Company, this Commission granted the name change. Further, by Order No. PSC-03-0873-PAA-WU, issued July 29, 2003, in the combined Dockets Nos. 030067-WU, In Re: Application for approval of special service availability contract (developer agreement) with Avatar Properties Inc. and bulk water service agreement with Florida Governmental Utility Authority, by O&S Water Company, Inc. in Osceola County and 030160-WU, In Re: Application for amendment of certificate No. 510-W to extend water service in Osceola County by O&S Water Company, Inc., the Commission approved the special service availability agreement and extended the utility's territory.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Late Payment Fee

The utility 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 the utility to establish, increase or change a rate or charge other than monthly rates or service availability charges. However, the application must be accompanied by cost justification pursuant to Section 367.091(6), Florida Statutes.

The utility provided the following expenses as cost justification for its request:

- \$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
- \$0.39 Postage
- \$0.05 Envelope
- \$5.19 Total

As shown above, the utility provided documentation showing it incurs a cost of \$5.19 per late account. We believe the \$0.19 difference between the utility's cost to send a late notice and its requested \$5 charge is nominal. The purpose of a late payment fee is not only to provide an incentive for customers to make timely payments, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing such delinquencies solely upon those who are the cost causers.

In the past, late payment fee requests have been handled on a case-by-case basis.² 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. The goal of allowing late fees to be charged by a utility is two fold: to encourage current and future customers to pay their bills on time; and, if payment is not made on time, to insure that the cost associated with collecting late payments is not passed on to the customers who pay on time.

For the foregoing reasons, and consistent with our past orders, the \$5 late payment fee shall be approved. Further the Third Revised Sheet No. 16.0 filed on July 24, 2006, which reflects the \$5 late payment charge, shall be approved as filed. The tariff sheet shall be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475 (2), Florida Administrative Code, provided the customers have received notice.

²See, Order Nos. PSC-00-1237-TRF-WU issued July 10, 2000, in Docket No. 000552-WU, In Re: Tariff filing by Palm Cay Utilities, Inc. in Marion County to establish a late payment charge; PSC-02-1116-TRF-WU, issued August 8, 2002, in Docket No. 020551-WU, In re: Request for approval of late payment charge in Broward County by Broadview Park Water Company; and PSC-02-1752-TRF-WU, issued December 12, 2002, in Docket No. 021024-WU, In re: Request for approval of Fourth Revised Tariff Sheet No. 17.1, to change late fee provisions to assist in reducing late payment amounts and to reduce bad debts to historical level, by Florida Public Utilities Company (Fernandina Beach System) in Nassau County.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Third Revised Sheet No. 16.0 filed by O & S Water Company, Inc. on July 24, 2006, which reflects the \$5 late payment charge, shall be approved as filed. It is further

ORDERED that the tariff sheet shall be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that if a protest is filed within 21 days of the issuance of this Order by a substantially affected person, this tariff shall remain in effect with any increase held subject to refund pending resolution of the protest, and the docket shall remain open. It is further

ORDERED that if no timely protest is filed, this docket shall be closed, upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 6th day of October, 2006.

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

By: Marcia Sharma
Marcia Sharma, Assistant Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

RRJ

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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 27, 2006.

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.