

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of tariff amendment to include a late fee of \$14.00 in Polk County by West Lakeland Wastewater.

DOCKET NO. 100413-SU
ORDER NO. PSC-11-0204-TRF-SU
ISSUED: April 25, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING \$7.00 LATE PAYMENT FEE FOR
WEST LAKELAND WASTEWATER, INC.

BY THE COMMISSION:

Background

West Lakeland Wastewater, Inc. (West Lakeland or Utility) is a Class C wastewater utility serving approximately 315 wastewater customers in Polk County. This area is in the Southwest Florida Water Management District and is considered a water use caution area. Water service is provided by the City of Lakeland. The Utility's 2009 annual report shows operating revenue of \$31,095 and net operating loss of \$4,620.

On October 1, 2010, the Utility filed an application for approval of a late payment fee of \$14.00. By Order No. PSC-10-0716-PCO-SU, issued December 8, 2010, we suspended the Utility's tariff filing to allow our staff sufficient time to review the application and gather all pertinent information. On December 13, 2010, the Utility amended its request for approval of a late payment fee from \$14.00 to \$7.00.

This Order addresses West Lakeland's request for approval of tariff amendment to include a late fee of \$14.00 and amended request for approval of a \$7.00 late fee. We have jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

Analysis and Decision

Pursuant to Section 367.091(6), F.S., we are authorized to establish, increase, or change a rate or charge other than monthly rates or service availability charges. The Utility's request for a late payment charge was accompanied by a cost justification as required by Section 367.091, F.S.

We handle late payment fee requests on a case-by-case basis. This case is unique in that the Utility has a total of 315 wastewater customers and, according to Mr. Smallridge, the Utility Receiver, one-third of the customer base is consistently delinquent in rendering payment each month. This results in approximately 30 percent of the wastewater revenues being submitted late each month, causing the utility to incur costs to secure funding from other sources to meet monthly expenses. Mr. Smallridge provided proof of those additional financing expenses. Further, he notes that the Utility's personnel incurs additional costs to make several trips to the bank to deposit delinquent payments as they come in to ensure adequate cash flow.

Since the Utility provides wastewater service only, disconnecting wastewater service for non-payment is problematic, both in terms of cost and customer dissatisfaction. Additional equipment, such as a back hoe, would be required to dig up the customer's yard to plug the line. To reconnect upon payment would result in similar disruption, including the need to restore any landscaping or grass disturbed by the excavation of the line.

After reviewing the initial cost justification provided by the Utility in its October 1, 2010 filing, our staff expressed concern about certain costs used to support the originally requested \$14 charge. Commission staff noted specifically that the Utility's requested time of one-half hour for clerical and administrative labor to process a late payment notice appeared unreasonable. In the past, we have approved a time of 10 to 12 minutes to process a late payment notice.

Since the Utility's original filing included some costs that were high and did not include supporting documents, our staff recommended to the Utility that it revise its original filing. On December 13, 2010, the Utility filed an amended petition in which it requested that the late payment charge be set at \$7.00 rather \$14.00. Among the changes made in the revised filing was a reduction in processing time from one-half hour to one-fifth of an hour, which is more in line with what we have approved in the past. Having reviewed the cost justification provided in support of the amended \$7.00 late fee, we find it to be reasonable.

The Utility's revised cost includes \$5.78 for labor, \$0.30 for computer and equipment costs, \$0.56 supply costs per mailing (postage, envelope, and paper), and \$.05 for trip mileage for additional deposit for a total of \$6.69. The Utility has rounded the request up to \$7.00. The cost basis for late payment fee is shown below.

Cost Basis for \$7.00 Late Payment Fee

Labor & Labor to Deposit Fees	\$5.78
Office Supplies/Computer	\$.30
Supply Costs per Mailing	\$.56

Trip Mileage	<u>\$ 0.05</u>
Total	\$6.69
Total Requested and Approved	\$7.00

Since the late 1990s, we have approved late payment fees in the amount of \$5.00 and have approved a few late payment fees in the amount of \$6.00 as early as 2001.¹ Therefore, the Utility's requested late payment fee of \$7.00 is higher than we have typically approved in the past for late payment fees. However, we believe that the Utility's requested late payment charge is very reasonable considering these unique circumstances. Also, we believe that the purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing delinquencies solely upon those who are cost causers.

Based on the above, West Lakeland's original request to implement a \$14.00 late payment charge shall not be approved. Instead, we approve a late payment charge of \$7.00 as requested in the Utility's amended December 13, 2010 filing. The late payment charge shall be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.).

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that West Lakeland Wastewater, Inc.'s request for approval of a late payment fee of \$14.00 is denied. It is further

ORDERED that West Lakeland Wastewater, Inc.'s amended request for approval of a late payment fee of \$7.00 is approved. It is further

ORDERED that the docket shall remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. It is further

¹ Order No. PSC-01-2101-TRF-WS, issued October 22, 2001, in Docket No. 011122-WS, In re: Tariff filing to establish a late payment charge in Highlands County by Damon Utilities, Inc.; Order No. PSC-08-0255-PAA-WS, issued April 24, 2008, in Docket No. 070391-WS, In re: Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.; Order No. PSC-09-0752-PAA-WU, issued November 16, 2009, in Docket No. 090185-WU, In re: Application for grandfather certificate to operate water utility in St. Johns County by Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility.; Order No. PSC-10-0257-TRF-WU, issued April 26, 2010, in Docket No. 090429-WU, In re: Request for approval of imposition of miscellaneous service charges, delinquent payment charge and meter tampering charge in Lake County, by Pine Harbour Water Utilities, LLC.

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ORDERED that the revised tariff sheets shall become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges 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, a consummating order shall be issued and, once staff verifies that the notice of the change in miscellaneous service charges has been given to customers, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 25th day of April, 2011.

/s/ Ann Cole

ANN COLE

Commission Clerk

Florida Public Service Commission

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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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 16, 2011.

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.