

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of amendment to  
tariff for miscellaneous service charges in  
Brevard County by Brevard Waterworks, Inc.

DOCKET NO. 150065-WU  
ORDER NO. PSC-15-0188-TRF-WU  
ISSUED: May 6, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
JULIE I. BROWN  
JIMMY PATRONIS

ORDER APPROVING MISCELLANEOUS SERVICE CHARGE

BY THE COMMISSION:

Background

Brevard Waterworks, Inc. (Brevard or Utility) is a Class C utility providing water service to approximately 235 customers in Brevard County. The Utility's 2013 annual report shows the Utility reporting gross revenue of \$91,613 and an operating loss of \$7,737.

On February 17, 2015, U.S. Water Services Corporation (U.S. Water or Management Company) filed applications for all 13 of its regulated utilities requesting the approval of a tariff amendment to charge customers who opt to pay their water or wastewater bill by debit or credit card online or by way of telephone. We have jurisdiction pursuant to Section 367.091, Florida Statutes (F.S.).

Decision

Section 367.091, F.S., authorizes this Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Brevard is one of 13 regulated utilities managed by U.S. Water, which shares a common pass-through account established in order to process debit or credit card payments online through the management company's website. In its application, the Utility noted having a common pass-through bank account creates a cost savings by the management company only having to pay for one merchant account with TD Bank instead of 13 separate accounts. Additionally, the Utility has previously been absorbing the transaction costs, but with the increasing number of online payments and requests from customers for the Utility to also offer a telephonic payment option, the Utility has requested to amend its tariff sheet for miscellaneous service charges to include a convenience fee of \$2.60. The requested convenience charge is designed to recover costs incurred for debit or credit card

processing online or by way of telephone and the Utility staff time required for processing the transactions.

In support of its application, the Utility provided a breakdown of the requested charge, correspondence from TD Bank describing the pricing and features of the merchant account, and supporting banking statements showing the common account's current monthly fees. A review of the supporting statements showed an increase in the number of credit card payments for all 13 utilities from 75 transactions in January 2014 to 527 transactions in January 2015, or an increase of 603 percent resulting in an annual cost of \$9,912. As required by Section 367.091, F.S., the Utility's cost analysis breakdown for its requested charge is shown on the following table.

Breakdown of Requested Charge

Bank and credit card company fee	\$1.60
1-Transact gateway fee per transaction	\$0.60
Telephonic processing fee	\$0.10
Authorization fee	\$0.05
Monthly telephonic account fee	\$0.07
Accounting staff	\$0.09
<u>Clerical staff</u>	<u>\$0.09</u>
Total Requested Charge	\$2.60

We recently approved a charge of \$2.50 for customers who opt to pay their bill with debit or credit cards for Crestridge Utility Corporation, West Lakeland Wastewater, LLC., Pinecrest Utilities, LLC., and Four Points Utility Corp.<sup>1</sup> In those cases, the charges were designed to recover the cost of supplies, administrative labor, and equipment. We also approved charges in other industries for customers who opt to pay their bill by debit or credit card. An electronic bill payment fee of \$3.50 was approved for Florida Public Utilities Company's (FPUC) gas customers in 2004.<sup>2</sup> In that case, this Commission found that the charge was necessary to recover the additional costs incurred by FPUC from customers who opt to pay by credit card, debit card, or electronic check. We also approved a charge of \$3.50 for residential customers and 3.5 percent of the total bill amount for all other customers for FPUC electric customers in

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<sup>1</sup> Order Nos. PSC-14-0016-TRF-WU, issued January 6, 2014, in Docket No. 130251-WU, In re: Application for approval of miscellaneous service charges in Pasco County, by Crestridge Utility Corporation; PSC-13-0426-TRF-SU, issued September 19, 2013, in Docket No. 120289-SU, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by West Lakeland Wastewater, LLC.; PSC-13-0427-TRF-WU, issued September 19, 2013, in Docket No. 120290-WU, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Pinecrest Utilities, LLC.; PSC-13-0428-TRF-WS, issued September 19, 2013, in Docket No. 120286-WS, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Polk County by Four Points Utility Corp.

<sup>2</sup> Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU, In re: Application for rate increase by Florida Public Utilities Company.

2005.<sup>3</sup> The charge was designed to recover the costs incurred for customer contact, supervision, and bank and credit card processing.

The Utility's requested \$2.60 convenience charge is reasonable and consistent with past Commission decisions.<sup>4</sup> We have reviewed the cost support initially filed by U.S. Water and additional information supporting the requested charge, which U.S. Water provided at Commission staff's request. As discussed previously, the requested convenience charge is designed to recover costs incurred for debit or credit card processing online or by way of telephone and the Utility staff time required for processing the transactions. Commission staff requested U.S. Water provide separate cost information for online payments and payments received by way of telephone, in order to analyze if the combined charge for both payment options (online or telephone) is appropriate. The management company noted that all of the payments and charges, regardless of how they are received, are processed and reconciled into the one TD Bank account. Based on this review, we find that having a combined payment charge increases administrative efficiency and provides cost savings when compared to having two convenience charges, one for online payments and one for telephone payments. Additionally, the Utility's requested charge also benefits the customers by allowing them to expand their payment options to include payments by telephone. Also, adding the option to pay by telephone will allow reconnections due to non-payment to occur more quickly. Furthermore, this charge will ensure the Utility's remaining customers do not subsidize those customers who choose to pay using this option.

Based on the above, we find that Brevard's request to amend its tariff sheet for miscellaneous service charges to include a convenience charge of \$2.60 for customers who opt to pay their water or wastewater bill by debit or credit card online or by way of telephone is reasonable and shall be approved. The charge shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). In addition, the approved charge shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Brevard Waterworks, Inc.'s application for approval of a tariff amendment to charge customers who opt to pay their water or wastewater bill by credit or debit card online or by way of telephone, is hereby granted. It is further

ORDERED that the approved charge shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C. It is further

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<sup>3</sup> Order No. PSC-05-0676-TRF-EI, issued June 20, 2005, in Docket No. 050244-EI, In re: Request to establish charge for customers paying by credit card, debit card or electronic check, by the Florida Public Utilities Company.

<sup>4</sup> We note the prior orders approving similar credit card convenience charges fall within the exception of Section 501.0117(1), F.S., as approved state tariffs.

ORDERED that the approved charge shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. It is further

ORDERED that Raintree Waterworks, Inc. shall provide proof of the date notice was given within 10 days of the date of the notice. 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. It is further

ORDERED that this docket shall remain open pending Commission staff's verification that the revised tariff sheet and customer notice have been filed by the Utility and approved by Commission staff. If no timely protest is filed, a consummating order shall be issued and once Commission staff verifies that the notice of the charge has been given to customers, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 6th day of May, 2015.



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HONG WANG  
Chief Deputy Commission Clerk  
Florida Public Service Commission  
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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 27, 2015.

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.