

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions, the Ellison Park Subdivision and the Lake Region Paradise Island Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.

DOCKET NO. 150215-WU
ORDER NO. PSC-16-0041-TRF-WU
ISSUED: January 25, 2016

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING MISCELLANEOUS SERVICE CHARGES, NON-SUFFICIENT FUNDS CHARGES, AND LATE PAYMENT CHARGE

BY THE COMMISSION:

Background

Keen Sales, Rentals and Utilities, Inc. (Keen or utility) is a Class C water utility operating in Polk County. Keen currently owns and operates two water systems in Polk County: Lake Region Paradise Island Subdivision (Paradise Island) and Earlene and Ray Keen and Ellison Park Subdivisions (Keen subdivisions). Keen provides water service to approximately 225 customers. The utility's 2014 annual report shows a consolidated net operating loss of \$31,256. On October 7, 2015, the utility filed an application to increase miscellaneous service charges. On December 4, 2015, the utility amended its request to include late payment and non-sufficient funds charges. On November 13, 2015, Keen filed its waiver of this Commission's 60-day deadline, as set forth in Section 367.091(6), through January 5, 2016. This order addresses the utility's requests. We have jurisdiction pursuant to Section 367.091(6), Florida Statutes (F.S.).

Decision

Miscellaneous Service Charges

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. Rule 25-30.460, Florida Administrative Code (F.A.C.), defines miscellaneous service charges as initial connection, normal reconnection, violation reconnection, and premises visit charges. The utility requested amendments to both Paradise Island's and Keen subdivisions' existing miscellaneous service charges as reflected in Table 1.

Table 1**Miscellaneous Service Charges**

Charge	Current		Proposed
	Paradise Island	Keen Subdivisions	
Initial Connection	\$15	\$0	\$25
Normal Connection	\$15	\$0	\$25
Violation Connection	\$15	\$25	\$25
Premises Visit	\$10	\$0	\$15

Source: Utility Tariff and Utility Correspondence

The utility's request was accompanied by its reason for requesting the amendment, as well as the cost justification required by Section 367.091, F.S. as reflected in Tables 2 and 3 below.

Table 2**Initial Connection, Normal Reconnection, and Violation Reconnection Cost Justification**

<u>Activity</u>	<u>Normal Hours Cost</u>
Labor (\$20/hr x .75hr)	\$15.00
Transportation (\$.575/mile x 20 miles)	<u>\$11.50</u>
Total	<u>\$26.50</u>

Source: Utility Correspondence

Table 3**Premises Visit Cost Justification**

<u>Activity</u>	<u>Normal Hours Cost</u>
Labor (\$20/hr x .15hr)	\$3.00
Transportation (\$.575/mile x 20 miles)	<u>\$11.50</u>
Total	<u>\$14.50</u>

Source: Utility Correspondence

The utility's proposed charges are reasonable and similar to or lower than charges previously approved by this Commission for similar utilities.¹ Additionally, Commission practice has been to place the burden of such charges on the cost-causer rather than the general body of ratepayers. This is consistent with one of the fundamental principles of ratemaking—ensuring that the cost of providing service is recovered from the cost-causer.²

Based on the above, Keen's request to amend its miscellaneous service charges shall be approved. Keen shall be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges shall be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges shall not be implemented until Commission staff has approved the proposed customer notice. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

Non-Sufficient Funds Charges (NSF Charges)

The utility requested authorization to collect NSF charges for both Paradise Island and Keen subdivisions. Section 367.091, F.S., requires rates, charges, and customer service policies to be approved by this Commission. As previously noted, we have authority to establish, increase, or change a rate or charge. Based on our analysis, we find that Keen shall be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Sections 68.065(2) and 832.08(5), F.S., the following NSF charges may be assessed:

1. \$25, if the face value does not exceed \$50,
2. \$30, if the face value exceeds \$50 but does not exceed \$300,
3. \$40, if the face value exceeds \$300,
4. or five percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent our prior decisions.³ Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, Keen shall be

¹Order No. PSC-11-0199-PAA-WU, issued April 22, 2011, in Docket No. 100149-WU, In re: Application for increase in water rates in Lee County by Ni Florida, LLC; Order No. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.

²Order No. PSC-03-1119-PAA-SU, issued October 7, 2003, in Docket No. 030106-SU, In re: Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.; 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.

³Order No. PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 140030-SU, In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.; Order No. PSC-13-0646-PAA-WU, issued December 5, 2013, in Docket No. 130025-WU, In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

authorized to collect NSF charges for both systems. We find that Keen shall revise its tariff sheets to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges shall be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the NSF charges shall not be implemented until Commission staff has approved the proposed customer notice. The utility shall provide proof of the date the notice was given within 10 days of the date of the notice.

Late Payment Charge

The utility requested a \$5 late payment charge for Keen subdivisions to recover the cost of supplies and labor associated with processing late payment notices. The utility already has a \$5 late payment charge for Paradise Island. The utility's request for a late payment charge was accompanied by its reason for requesting the charge, as well as the cost justification required by Section 367.091, F.S.

The utility has a total of 125 customer accounts in the Keen subdivisions and the utility reports that a substantial amount of customers do not pay by the due date each billing cycle. Based on historical data and the monthly billing cycle, the utility anticipates it will prepare late payment notices for approximately 40 accounts per billing cycle for these subdivisions. In the past, we have allowed 10-15 minutes per account per month for clerical and administrative labor to research, review, and prepare the notice.⁴ The utility indicated it will spend approximately 10 hours per billing cycle processing late payment notices, which will result in an average of approximately 15 minutes per account (600 minutes/40 accounts) and is consistent with past Commission decisions. The late payment notices will be processed by the account manager, which will result in labor cost of \$5.00 (10x\$20/40) per account. The cost basis for the late payment charge, including the labor, is shown in Table 4.

Table 4

Cost Basis for Late Payment Charge

Labor	\$5.00
Printing	\$0.20
Postcard/Postage	<u>\$0.34</u>
Total Cost	<u>\$5.54</u>

⁴Order No. PSC-11-0204-TRF-SU, in Docket No. 100413-SU, issued April 25, 2011, In re: Request for approval of tariff amendment to include a late fee of \$14.00 in Polk County by West Lakeland Wastewater.; Order No. PSC-08-0255-PAA-WS, in Docket No. 070391-WS, issued April 24, 2008, In re: Application for certificates to provide water and wastewater service in Sumter County by Orange Blossom Utilities, Inc.; Order No. PSC-01-2101-TRF-WS, in Docket No. 011122-WS, issued October 22, 2001, In re: Tariff filing to establish a late payment charge in Highlands County by Damon Utilities, Inc.

Based on Commission staff's research, since the late 1990s, this Commission has approved late payment charges ranging from \$2.00 to \$7.00.⁵ The purpose of this charge 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 delinquent accounts solely upon those who are cost-causers.

Based on the above, we find that Keen's request to implement a \$5 late payment charge for Keen subdivisions shall be approved. Keen shall be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge shall be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge shall not be implemented until Commission staff has approved the proposed customer notice. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Keen Sales, Rentals and Utilities, Inc.'s request to amend its miscellaneous service charges for its Lake Region Paradise Island Subdivision and Earlene and Ray Keen and Ellison Park Subdivisions is hereby granted. It is further

ORDERED that Keen Sales, Rentals and Utilities, Inc. is hereby authorized to collect non-sufficient funds charges for its Lake Region Paradise Island Subdivision and Earlene and Ray Keen and Ellison Park Subdivisions in accordance with Sections 68.065 and 832.08(5), Florida Statutes, It is further

ORDERED that Keen Sales, Rentals and Utilities, Inc.'s request to collect a late payment charge for its Earlene and Ray Keen and Ellison Park Subdivisions is hereby granted. It is further

ORDERED that Keen Sales, Rentals and Utilities, Inc. shall file revised tariff sheets consistent with our vote. It is further

ORDERED that Keen Sales, Rentals and Utilities, Inc. shall be required to file a proposed customer notice to reflect the Commission-approved charges. It is further

ORDERED that all approved charges in this Order shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. It is further

⁵Order No. PSC-01-2101-TRF-WS; Order No. PSC-08-0255-PAA-WS; Order No. PSC-09-0752-PAA-WU, in Docket No. 090185-WU, issued November 16, 2009, 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, in Docket No. 090429-WU, issued April 26, 2010, 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.; Order No. PSC-11-0204-TRF-SU; Order No. PSC-14-0105-TRF-WS, in Docket No. 130288-WS, issued February 20, 2014, In re: Request for approval of late payment charge in Brevard County by Aquarina Utilities, Inc.

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

ORDERED that Keen Sales, Rentals and Utilities, Inc. shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that if no timely protest is filed, this 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. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets shall remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order shall be issued and, once staff verifies that the notice of the charges has been given to customers, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 25th day of January, 2016.


CARLOTTA S. STAUFFER
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 February 15, 2016.

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.