

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of a  
late payment charge by W.P.  
Utilities, Inc. in Palm Beach  
County.

DOCKET NO. 011034-WS  
ORDER NO. PSC-01-2093-TRF-WS  
ISSUED: October 22, 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 TARIFF IMPLEMENTING A LATE PAYMENT CHARGE

BY THE COMMISSION:

W.P. Utilities, Inc. (W.P. Utilities or utility) is a Class C water and wastewater utility located in Palm Beach County. Based on its 2000 Annual Report, the utility provides water and wastewater service to 191 customers. For calendar year ended December 31, 2000, the utility recorded revenues of \$34,413 for water and \$58,357 for wastewater, and operating expenses of \$35,191 for water and \$43,389 for wastewater. This resulted in a net operating loss of \$778 for water and a net operating income of \$14,968 for wastewater.

Currently, W.P. Utilities' approved billing tariff contains no provision for late payment charges. On August 6, 2001, the utility filed a tariff request for approval to implement a late payment charge of \$5, pursuant to Section 367.091(6), Florida Statutes. Pursuant to that Section, we have jurisdiction. That Section authorizes the utility to establish, increase, or change a rate or charge other than monthly rates for service and service availability. However, the application must be accompanied by cost justification. The utility stated that the purpose of this charge is to provide an incentive for customers to make timely payments and to recover the excess cost associated with processing late payments by placing the cost burden of processing delinquent notices and accounts solely upon those who are the cost causers.

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FPSC-COMMISSION CLERK

W.P. Utilities has provided the following costs justification for collection of a late payment charge:

|               |  |
|---------------|--|
| \$3.10        | Labor (Search accounts, review and verify payment has not been received - approximately 10 minutes to handle each account) |
| \$1.55        | Printing of late notice  |
| \$0.34        | Postage for standard envelope  |
| <u>\$0.01</u> | Cost of envelope and paper   |
| \$5.00        | Total  |

We find that \$5 is a reasonable late payment charge for this utility. A late charge of less than \$5 would not allow the utility to recover its costs of processing delinquent accounts. Because the utility bills its customers quarterly, late payments place the utility at risk of being unable to pay monthly utility expenses. Over the past six quarters, the average number of customers serviced was 191 and the average number of customers who paid late was 14.

In the past, we have handled late payment charge requests on a case-by-case basis. We note that we have approved late payment charges in the amount of \$5 by Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, for Crystal River Utilities, Inc., and by Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU, for Morningside Utility, Inc. (finding that the cost causer should pay the additional cost incurred to the utility by late payments, rather than the general body of the utility's rate payers).

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.

In Order No. PSC-01-0998-TRF-WU, issued April 23, 2001, in Docket No. 010232-WU, we found that the goal of allowing late fees to be charged by a utility is two fold: first, to encourage current and future customers to pay their bills on time; and second, if payment is not made on time, to insure that the cost associated with the late payments is not passed on to the customers who do pay on time. Even though W.P. Utilities' delinquent accounts make up

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a small percentage of its customer accounts receivable, allowing a late payment charge will encourage prompt payment by current and future customers. Therefore, consistent with Order No. PSC-01-0998-TRF-WU, the \$5 late payment charge shall be approved. The charge shall become effective for services rendered 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.

In the event a protest is filed within 21 days of the issuance of the Order, the tariff shall remain in effect and all late payment charges shall be held subject to refund pending resolution of the protest, 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 W.P. Utilities, Inc.'s tariff filing to implement a late payment charge in the amount of \$5 is approved. It is further

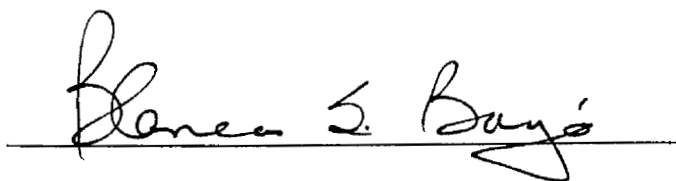
ORDERED that the tariff shall become effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that in the event a protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect and all late payment charges shall be held subject to refund pending resolution of the protest, and the docket shall remain open. It is further

ORDERED that in the event no timely protest is filed, 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 22nd  
day of October, 2001.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, 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 November 12, 2001.

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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.