

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 19, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Deason, Rendell) *198*
Office of the General Counsel (Jaeger) *S.M.C.*

RE: Docket No. 070377-WS – Request for approval of change in meter installation customer deposits tariff and proposed changes in miscellaneous service charges in Marion County by Windstream Utilities Company

AGENDA: 07/31/07 – Tariff Filing – Interested Persons May Participate

CRITICAL DATES: 8/4/2007 – 60 Day Suspension

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070377.RCM.DOC

RECEIVED-FPSC
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COMMISSION
CLERK

Case Background

Windstream Utilities Company (Windstream or utility) is a Class B utility which provides service in Marion County to approximately 1,382 water customers. The utility's 2006 annual report shows water annual operating revenue of \$630,781, and a total utility operating income of \$73,534.

On June 2, 2007, Windstream filed an application for changes and additions to Tariff Sheets Nos. 17.0 and 15.1. These changes include modifying the Premise Visit Charge to recognize those situations where a service representative visits a premises at the customer's request for a complaint resolution or for other purposes and the problem is found to be the customer's responsibility, adding after hours charges of \$40.00 for their miscellaneous service charges, and adding a Delinquent Payment Charge.

This recommendation addresses staff's analysis of the utility's requested tariff changes. The Commission has jurisdiction pursuant to section 367.091, Florida Statutes.

DOCUMENT NUMBER-DATE

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Discussion of Issues

Issue 1: Should Windstream's changes and additions to Tariff Sheets Nos. 17.0 and 15.1 be approved?

Recommendation: Yes. The utility's First Revised Sheet No. 17.0 and Second Revised Sheet No. 15.1 should be approved as filed. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.), provided that the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof that the customers have received notice within 10 days after the date that the notice was sent. (Deason)

Staff Analysis: Changes and additions requested by Windstream to its Tariff Sheets Nos. 17.0 and 15.1 are listed below.

Miscellaneous Service Charge

In its application, the utility requested to change its miscellaneous service charges. The utility requested an increase in the \$10.00 charge for connection and reconnections during normal hours to \$20.00. The utility states that the current fees have been in effect since 1984, and that its costs for fuel and labor have risen substantially since that time. The utility is also requesting an increase to its after hours service charge. The current fee is \$10.00, and the utility is requesting an increase to \$40.00. The current charge was approved in Order No. 13639, issued August 29, 1984, in Docket No. 840126-WU, In re: Application of Windstream Utilities Company for a certificate to operate a water system in Marion County, Florida, pursuant to the provisions of Section 367.041, Florida Statutes. In addition, the utility also states that the price index for rates has increased at least 100%, while its service fees have remained the same. The requested increases are consistent with recent Commission decisions including Order No. PSC - 06-0684-PAA-WS, issued August 8, 2006¹ and Order No. PSC-05-0776-TRF-WS, issued July 26, 2005.² Staff recommends that these increases be approved to allow the utility to recover the costs of its increased expenses for connection, reconnection, and after hours calls.

Premise Visit Charge

The utility has requested to add a "Premise Visit Charge" to its tariff. The Premise Visit Charge will be \$20 during normal hours and \$40 for after hours. This charge will be levied when a service representative visits a premise at the customer's request for a complaint and the problem is found to be the customer's responsibility. This charge is consistent with Rule 25-

¹ Docket No. 050587-WS, In re: Application for staff-assisted rate case in Charlotte County by MSM Utilities, LLC.

² Docket No. 050369-WS, In re: Request for approval of change in meter installation fees and proposed changes in miscellaneous service charges in Pasco County by Mad Hatter Utility, Inc.

30.460(1)(d), F.A.C. In addition, by Order No. PSC-05-0397-TRF-WS, issued April 18, 2005,³ the Commission approved a Premises Visit Charge to be levied when a service representative visits a premises at the customer's request for a complaint and the problem is found to be the customer's responsibility. As such, staff believes that this charge is reasonable and should be approved.

Delinquent Payment Charge

The utility has requested to add a delinquent payment charge of \$6.00 for any customers that pay their bill after the 20th of the month. This charge will cover the cost of paper, printing and preparation and mailing of the late notice. The utility believes that customers who pay on a timely basis should not bear the cost of those who rarely pay on time. A breakdown of this charge is listed below:

\$2.50	Office personnel, time to search accounts to determine that the bill has not been paid.
3.00	Prepare, print and sort notices for mailing and transport to Post Office
.41	Postage
.07	Materials
<u>\$5.98</u>	Total

Staff believes that \$6 is a reasonable late fee charge for this utility. A late fee of less than \$6 would not allow the utility to recover its costs of processing delinquent accounts.

In the past, late payment fee requests have been handled on a case-by-case basis. The Commission has approved late fees in several orders⁴ 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, Commission 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, In re: Request for approval of tariff filing to add "set rate" late fee to water tariff by Lake Yale Treatment Associates, Inc., in Lake County, the Commission found that the goal of allowing late fees to be charged by a utility is twofold: 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. Allowing a late

³ Docket No. 050096-WS, In re: Request for revision of Tariff Sheets 14.0 and 15.1 to change request for meter test by customer and premise visit charge, by Marion Utilities, Inc.

⁴ 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.

Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU, In re: Application for staff-assisted rate case in Osceola County by Morningside Utility, Inc.

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fee will encourage prompt payment by current and future customers. Therefore, staff recommends that the \$6 late payment fee should be approved.

Summary

In summary, the utility's First Revised Sheet No. 17.0 and Second Revised Sheet No. 15.1 should be approved as filed because the increased charges are cost-based and reasonable. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C., provided that the notice has been approved by staff. Within 10 days of the date the order is finalized by a Consummating Order, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide staff with proof that the customers have received notice within 10 days after the date that the notice was sent.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the revised tariffs should become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariffs should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. (Jaeger, Deason)

Staff Analysis: If Issue 1 is approved, the revised tariffs should become effective on or after the stamped approval date on the revised tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code. If a protest is filed within 21 days of the issuance date of the Order, the tariffs should remain in effect with all increased charges held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order.