

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval
to implement monthly late
payment charge on delinquent
accounts in Highlands County by
Highlands Utilities Corporation.

DOCKET NO. 971471-SU
ORDER NO. PSC-98-0875-FOF-SU
ISSUED: July 2, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING REQUEST TO IMPLEMENT MONTHLY LATE
CHARGE ON DELINQUENT ACCOUNTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Highlands Utilities Corporation (Highlands or utility) is a
Class B wastewater-only utility located in Highlands County serving
approximately 1,274 customers. According to the 1996 annual report
the utility's gross operating revenue was \$505,532, with a net
income of \$5,452.

On November 7, 1997, the utility filed an application
requesting the approval of a \$5.00 late payment charge on all
delinquent paying customers in order to meet the costs associated
with carrying and collecting past due accounts. Section
367.091(5), Florida Statutes, authorizes the utility to establish,
increase, or change a rate or charge other than monthly rates for

DOCUMENT PREPARED DATE

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FILED AND REPORTING

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service or service availability charges. However, the application must be accompanied by cost justification. By Order No. PSC-98-0142-PCO-SU, issued January 26, 1998, in this docket, the tariff was suspended pending further investigation.

In support of its request, the utility states it believes since 1989, inflation would have caused the normal \$3.00 late payment charge to be approximately \$5.00 in today's dollars. Additional data was requested from the utility on February 6, 1998, in order to support the request for the late payment charge. The utility responded on February 25, 1998 with the following analysis of the \$5.00 charge:

Computer generation and printing	\$0.40	(Canada)	\$0.46
Postage	\$0.32		
Clerical Review	\$1.02		
Courtesy call to customer	\$0.45		
Average Site Visit	<u>\$2.50</u>		
TOTAL:	\$4.69	(Canada)	\$4.75
USE:	<u>\$5.00</u>		

In addition, the utility reported that on average approximately 14% of the customers are late on bill payment each month. The late payments affect the utility's revenue stability. Highlands' monthly revenue is between \$36,000 and \$45,000, and the past due amounts range from \$6,000 to \$10,000 per month. Therefore, on average approximately 20% of the utility's revenue is received late.

Based on the level of late payments experienced by the utility, we believe that a late payment charge is appropriate in this case. However, we do not believe the utility supported a late payment charge of \$5.00. In reviewing the above cost breakdown, we note that the utility included a cost for a site visit. We do not believe that a site visit is necessary to collect delinquent accounts, particularly in the case of a wastewater-only utility, where there is no meter to disconnect.

In the past, we have found that late payment charges are reasonable to help defray the costs incurred due to late paying customers. This is especially true for wastewater-only utilities

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By ORDER of the Florida Public Service Commission this 2nd
day of July, 1998.

BLANCA S. BAYÓ, Director
Division of Records and Reporting



Kay Flynn, Chief
Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 23, 1998.

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since there is no meter and the utility cannot readily discontinue service for nonpayment. In 1989 the Commission approved a late payment charge in the amount of \$3.00 for Ortega Utility Company in Docket No. 891365-WS. Since that time, all late payment charges approved for water and wastewater utilities have been in the amount of \$3.00.

Therefore, we find that the utility has not supported the proposed \$5.00 late payment charge and accordingly, the tariff is denied. However, we believe that a \$3.00 late payment charge would be appropriate in this case. If the utility files a tariff reflecting the \$3.00 charge, staff shall have administrative authority to approve the filing. If no timely protest is filed, this docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Highlands Utilities Corporation's request to implement a late payment charge in the amount of \$5.00 is denied. It is further

ORDERED that if Highlands Utilities Corporation files a tariff reflecting the \$3.00 charge, staff shall have administrative authority to approve the filing. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

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In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.