

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of  
tariff filing to establish a  
late payment charge in Polk  
County by Bieber Enterprises,  
Inc. d/b/a Breeze Hill  
Utilities.

DOCKET NO. 001325-WU  
ORDER NO. PSC-00-2165-TRF-WU  
ISSUED: November 14, 2000

The following Commissioners participated in the disposition of  
this matter:

J. TERRY DEASON, Chairman  
E. LEON JACOBS, JR.  
LILA A. JABER  
BRAULIO L. BAEZ

ORDER APPROVING TARIFF IMPLEMENTING A LATE PAYMENT CHARGE

BY THE COMMISSION:

BACKGROUND

Breeze Hill Utilities, Inc. (Breeze Hill or utility) is a Class C utility located in Polk County. According to the utility's 1999 Annual Report, it provided water and wastewater service to an average of 115 residential customers in its service territory. For the calendar year ended December 31, 1999, the utility recorded revenues of \$14,883 for water and \$10,823 for wastewater, and operating expenses of \$17,310 for water and \$19,662 for wastewater. This resulted in operating losses of \$2,427 and \$8,839, respectively.

On September 6, 2000, Breeze Hill initially requested the approval of a \$2 late payment charge, pursuant to Section 367.091(6), Florida Statutes, which authorizes the utility to establish, increase, or change a rate or charge other than monthly rates for service and service availability. The utility stated in its filing that the purpose of this charge is to provide an incentive for customers to make timely payments and to place the cost burden of processing and collecting delinquent accounts upon

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those who cause such costs. However, the application must be accompanied by cost justification. On September 7, 2000, Breeze Hill submitted cost justification for its late payment filing, and in doing so, the utility realized that it had understated the amount it actually costs to submit and collect for late paying customers, and that the \$2 late charge was only half of what it actually cost to submit and collect for late paying customers. Therefore, on September 13, 2000, the utility withdrew its original Tariff Sheet No. 16.0 and filed a revised Tariff Sheet No. 16.0 requesting a late payment charge of \$4.

On September 7, 2000, Mr. Bieber, the utility's president, advised our staff by telephone that the same customers consistently fail to pay their water and wastewater bills in a timely manner each month. In its request, the utility stated that by imposing a \$4 late payment penalty, it would place the cost burden of processing delinquent notices and collections solely upon those customers who are the cost-causers rather than on the general body of ratepayers who submit payments in a timely manner. The utility states that 2% of its customers are consistently delinquent in rendering payment. Further, the utility states that Breeze Hill is a small utility which needs the monthly cash flow to properly maintain its water and wastewater systems.

Breeze Hill provided the following computations as cost justification for its request:

- \$3.75 Labor (11 minutes to check which customer's account is past due; 10 minutes to process the letter and print the notice; 9 minutes to address the envelope and print for a total of 30 minutes. One-half of an hourly wage of \$7.50 is \$3.75)
- \$0.33 (Postage)
- \$0.01 (Notice Paper)
- \$0.02 (Envelope)
- \$4.11 Total

As shown above, Breeze Hill provided documentation showing that the utility incurs a cost of \$4.11 per late account. We find that the \$.11 difference between the utility's cost to send a late notice and its requested \$4 charge is nominal.

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In the past, late payment fee requests have been handled on a case-by-case basis. By Order No. PSC-96-1409-FOF-WU, issued November 20, 1996, in Docket No. 960716-WU, Crystal River Utilities, Inc., we found that the cost-causer should pay the additional cost incurred by the utility by late payments, rather than the general body of the utility's ratepayers. By Order No. PSC-98-1585-FOF-WU, issued November 25, 1998, in Docket No. 980445-WU, Morningside Utility, Inc., we approved a late fee in the amount of \$5 for that utility's water operation.

Presently, our rules provide that utilities may require late payers 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.

The goal of allowing utilities to charge late fees 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 collecting late payments is not passed on to the customers who do pay on time. Even though Breeze Hill's delinquent accounts make up a small percentage of its customer accounts receivable, allowing a late fee will encourage prompt payment by current and future customers.

For the foregoing reasons, we acknowledge the utility's request to withdraw its First Revised Tariff Sheet No. 16.0 filed on September 6, 2000 to establish a \$2 late payment charge, and approve the utility's First Revised Tariff Sheet No. 16.0 filed on September 13, 2000, which proposes a \$4 late payment charge for all customers located in its certificated territory. The revised tariff sheet shall be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Breeze Hill Utilities, Inc.'s, First Revised Tariff Sheet No. 16.0, to implement a late payment charge in the amount of \$4, is approved. It is further

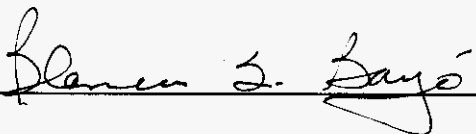
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ORDERED that the late payment charge shall become effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice. It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

ORDERED that in the event a protest is filed within 21 days of the issuance date of this Order, this tariff shall remain in effect and any increase shall be held subject to refund pending the resolution of the protest. It is further

ORDERED that in the event that no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 14th day of November, 2000.



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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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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.

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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 Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 5, 2000.

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.