

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval to add "set rate" late fee of \$2.00 to water tariff in Marion County by Sunshine Utilities of Central Florida, Inc.

DOCKET NO. 030950-WU  
ORDER NO. PSC-03-1297-TRF-WU  
ISSUED: November 13, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

ORDER APPROVING ADDITION OF "SET RATE" LATE FEE  
TO WATER TARIFF

BY THE COMMISSION:

Sunshine Utilities of Central Florida, Inc. (Sunshine or utility) is a Class B water utility located in Marion County. According to the 2002 Annual Report, it serves approximately 3,143 water customers. The utility recorded revenues of \$829,575 and operating expense of \$787,696 for water. This resulted in a net operating income of \$41,879.

On September 29, 2003, Sunshine filed an application requesting the approval of a \$2 late payment charge for each account that is not paid by the due date. We have jurisdiction pursuant to Section 367.091, Florida Statutes.

The utility filed a tariff request for approval to implement a "Set Rate" late payment charge of \$2, pursuant to Section 367.091(6), Florida Statutes. This Section authorizes the utility to establish, increase, or change a rate or charge other than monthly rates or service on service availability. However, the application must be accompanied by cost justification pursuant to Section 367.091(6), Florida Statutes. The utility's current

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approved billing tariff does not state that if the bill is not paid by the due date that late fees may be applied.

The utility provided the following computations as cost justification for its request:

- \$1.78 Running the pre-bill list and auditing each account by looking it up in the computer. Checking payments for delinquent notices and comparing them with the pre-bill list. Tearing apart delinquent notices and preparing form for bulk mailing. Obtaining check for postage. Delivering delinquent notices to post office with check for postage.
- \$0.23 Post Card postage for delinquent notices.
- \$2.01 Total

As shown above, the utility provided documentation showing that it incurs a cost of \$2.01 per late account. The \$0.01 difference between the utility's cost to send a late notice and its requested \$2 charge is nominal. The utility serves approximately 3,700 customers, and according to its office manager, 25% of the bills are delinquent each billing cycle.

In the past, late payment fee requests have been approved on a case-by-case basis. By 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, we found that the cost causer should pay the additional cost incurred by the utility, for late payments, rather than the general body of the utility's rate payers. By Order No. PSC-00-2165-TRF-WU, issued November 14, 2000, in Docket No. 001325-WU, 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, we approved late fees in the amount of \$4.

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.

We believe 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 collecting late payments is not passed on to the customers who do pay on time. As stated earlier, the utility asserts that 25% of the utility customers are late payers. Allowing a late fee will encourage prompt payment by current and future customers.

Consistent with prior Commission practice, we approve the \$2 late payment charge. The Fifth Revised Tariff Sheet No. 20.0, filed on September 29, 2003, to reflect the \$2 late payment charge is approved as filed. The 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 Sunshine Utilities of Central Florida, Inc.'s request for approval of a "set rate" late fee of \$2 to its water tariff is approved and shall be effective 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 if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with all late payment charges held subject to refund pending resolution of the protest. It is further

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

ORDER NO. PSC-03-1297-TRF-WU  
DOCKET NO. 030950-WU  
PAGE 4

By ORDER of the Florida Public Service Commission this 13th  
Day of November, 2003.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

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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.

ORDER NO. PSC-03-1297-TRF-WU  
DOCKET NO. 030950-WU  
PAGE 5

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 December 4, 2003.

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.