

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of amendment to
tariff for miscellaneous service charges by
Marion Utilities, Inc.

DOCKET NO. 150092-WS
ORDER NO. PSC-15-0519-TRF-WS
ISSUED: November 3, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
JIMMY PATRONIS

ORDER APPROVING MISCELLANEOUS SERVICE CHARGES

BY THE COMMISSION:

Background

Marion Utilities, Inc. (Marion or utility) is a Class A utility, which provides service in Marion County to approximately 6,158 water and 136 wastewater customers. The utility's 2014 annual report shows a combined water and wastewater annual operating revenue of \$1,496,745, and a total utility operating income of \$68,048. On March 23, 2015, the utility filed an application to increase miscellaneous service charges and initial customer deposits and add meter tampering, convenience, and non-sufficient funds charges. The tariffs were suspended pending further investigation.¹ This order addresses the utility's request to amend its tariff sheets. We have jurisdiction pursuant to Section 367.091(6), Florida Statutes (F.S.).

Decision

Miscellaneous Service Charges

Section 367.091, F.S., authorizes this Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Rule 25-30.460, Florida Administrative Code (F.A.C.), defines miscellaneous service charges as initial connection, normal reconnection, violation reconnection, and premises visit charges. The utility is requesting an amendment to its existing miscellaneous service charges as reflected below.

¹Order No. PSC-15-0209-PCO-WS, issued May 27, 2015, in Docket No. 150092-WS, In re: Request for approval of amendment to tariff for miscellaneous service charges by Marion Utilities, Inc.

Table 1

Miscellaneous Service Charges

Charge	Current		Approved	
	Normal Hours	After Hours	Normal Hours	After Hours
Initial Connection	\$20	\$40	\$35	\$44
Normal Connection	\$20	\$40	\$35	\$44
Violation Connection	\$20	\$40	\$46	\$55
Premises Visit	\$20	\$40	\$22	\$26

Source: Utility Tariff and Utility Correspondence

The utility’s request was accompanied by its reason for requesting the amendment, as well as the cost justification required by Section 367.091, F.S. as reflected in Tables 2 through 4 below.

Table 2

Initial Connection and Normal Reconnection Cost Justification

<u>Activity</u>	<u>Normal Hours Cost</u>		<u>Activity</u>	<u>After Hours Cost</u>
Labor (\$25.10/hr x .75hr)	\$18.83		Labor (\$37.65/hr x .75hr)	\$28.24
Transportation (\$.575/mile x 28 miles)	<u>\$16.10</u>		Transportation (\$.575/mile x 28 miles)	<u>\$16.10</u>
Total	<u>\$34.93</u>		Total	<u>\$44.34</u>

Source: Utility Correspondence

Table 3

Violation Reconnection Cost Justification

<u>Activity</u>	<u>Normal Hours Cost</u>		<u>Activity</u>	<u>After Hours Cost</u>
Labor (\$25.10/hr x .75hr)	\$18.83		Labor (\$37.65/hr x .75hr)	\$28.24
Transportation (\$.575/mile x 28 miles)	\$16.10		Transportation (\$.575/mile x 28 miles)	\$16.10
Additional Administrative Time (\$25.77/hr x .41 hr)	<u>\$10.57</u>		Additional Administrative Time (\$25.77/hr x .41 hr)	<u>\$10.57</u>
Total	<u>\$45.50</u>		Total	<u>\$54.91</u>

Source: Utility Correspondence

Table 4**Premises Visit Cost Justification**

<u>Activity</u>	<u>Normal Hours Cost</u>	<u>Activity</u>	<u>After Hours Cost</u>
Labor (\$25.10/hr x .25hr)	\$6.28	Labor (\$37.65/hr x .25hr)	\$9.41
Transportation (\$.575/mile x 28 miles)	<u>\$16.10</u>	Transportation (\$.575/mile x 28 miles)	<u>\$16.10</u>
Total	<u>\$22.38</u>	Total	<u>\$25.51</u>

Source: Utility Correspondence

We find that utility's proposed charges are reasonable and similar to or lower than charges previously approved by this Commission for similar utilities.² Additionally, our practice has been to place the burden of such charges on the cost causer rather than the general body of ratepayers. This is consistent with one of the fundamental principles of rate making—ensuring that the cost of providing service is recovered from the cost causer.³

Based on the above, we approve Marion's request to amend its miscellaneous service charges. Marion shall be required to file a proposed customer notice to reflect the approved charges. The approved charges shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges will not be implemented until Commission staff has approved the proposed customer notice. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

Initial Customer Deposits

Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain their specific criteria for determining the amount of initial deposits. Marion's current tariff authorizes the utility to collect initial customer deposits of \$35.00 for residential water 5/8" x 3/4" meter size and \$35.00 for residential and general service wastewater 5/8" x 3/4" meter size. Marion has requested an initial customer deposit of \$55 for the residential and general service 5/8" x 3/4" meter size for both water and wastewater. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of

²Order No. PSC-11-0199-PAA-WU, issued April 22, 2011, in Docket No. 100149-WU, In re: Application for increase in water rates in Lee County by Ni Florida, LLC; and Order No. PSC-08-0827-PAA-WS, issued December 22, 2008, in Docket No. 070694-WS, In re: Application for increase in water and wastewater rates in Orange County by Wedgefield Utilities, Inc.

³Order No. PSC-03-1119-PAA-SU, issued October 7, 2003, in Docket No. 030106-SU, In re: Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.; and 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.

rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making—ensuring that the cost of providing service is recovered from the cost causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the utility's collection of the revenues associated with that usage. Our practice has been to set initial customer deposits equal to two months bills based on the average consumption for a 12-month period for each class of customers. We reviewed the customer usage data and determined that the utility's proposed initial customer deposits are consistent with our methodology for initial customer deposits.

We agree that the appropriate initial customer deposits shall be \$55 for the residential and general service 5/8" x 3/4" meter size for water and wastewater. The initial customer deposit for all other residential and general service meter sizes shall be two times the average estimated bill. The utility shall file revised tariff sheets consistent with our vote. The approved customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. The utility shall be required to collect the approved initial customer deposits until authorized to change them by this Commission in a subsequent proceeding

Meter Tampering Charge

Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows the utility to require the customer to reimburse the utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

Pursuant to Rule 25-30.345, F.A.C., a utility may charge a reasonable fee to defray the cost of restoring service that was discontinued for proper cause as specified in Rule 25-30.320, F.A.C. Consistent with our recent decision, a meter tampering charge based on the typical costs to be incurred in investigating and resolving situations of meter tampering is hereby approved.⁴ The utility's request to implement a meter tampering charge of \$50 is reasonable and consistent with our prior decisions and therefore approved. However, the charge is appropriate only where an investigation reveals evidence of meter tampering. As required by Section 367.091, F.S., the utility's cost analysis breakdown for its requested charge is shown below.

⁴Order No. PSC-12-0357-PAA-WU, issued July 10, 2012, in Docket No. 100048-WU, In re: Application for increase in water rates in Marion County by Sunshine Utilities of Central Florida, Inc.

Table 5**Meter Tampering Charge Cost Justification**

<u>Activity</u>	<u>Charge</u>
Master Locks	\$23.98
Labor	\$25.00
Total	<u>\$48.98</u>

Source: Utility Correspondence

Therefore, we approve Marion's request to implement a \$50 meter tampering charge. The charge shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Convenience Charge

Section 367.091, F.S., authorizes this Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. The utility is requesting a \$2.50 convenience fee to recover the cost of supplies, administrative labor, and equipment. As required by Section 367.091, F.S., the utility's cost analysis breakdown for its requested charge is shown below.

Table 6**Convenience Charge Cost Justification**

<u>Activity</u>	<u>Cost</u>
Clerical	\$1.27
Cost of Paper	\$.35
Credit Card Machine	\$.88
Total	<u>\$2.50</u>

Source: Response to Staff's First Data Request

We recently approved a charge of \$2.60 for customers who opt to pay their bill with debit or credit cards for Brevard Waterworks, Inc., LP Waterworks, Inc., and Lakeside Waterworks, Inc., among others.⁵ In those cases, the charges were designed to recover the cost of supplies,

⁵Order Nos. PSC-15-0188-TRF-WU, issued May 6, 2015, in Docket No. 150065-WU, In re: Application for approval of miscellaneous service charges in Brevard County, by Brevard Waterworks, Inc.; PSC-15-0180-TRF-WS, issued May 6, 2015, in Docket No. 150063-WS, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Highlands County by LP Waterworks, Inc.; PSC-15-0184-TRF-WS, issued May 6, 2015, in Docket No. 150061-WS, In re: Request for approval of amendment to tariff sheets for miscellaneous service charges in Lake County by Lakeside Waterworks, Inc.

administrative labor, and equipment. We also approved charges in other industries for customers who opt to pay their bill by debit or credit card. An electronic bill payment fee of \$3.50 was approved for Florida Public Utilities Company's (FPUC) gas customers in 2004.⁶ In that case, we found the charge was necessary to recover the additional costs incurred by FPUC from customers who opt to pay by credit card, debit card, or electronic check. We also approved a charge of \$3.50 for residential customers and 3.5 percent of the total bill amount for all other FPUC electric customers in 2005.⁷ The charge was designed to recover the costs incurred for customer contact, supervision, and bank and credit card processing.

We find the requested charge of a \$2.50 convenience charge is reasonable for customers who opt to pay their water bill by debit or credit card. The utility's requested charge benefits the customers by allowing them to expand their payment options. Furthermore, this fee will insure the utility's remaining customers do not subsidize those customers who choose to pay using this option.

Based on the above, we find Marion's request to implement a convenience charge of \$2.50 for customers who opt to pay their water or wastewater bill by debit or credit card reasonable and hereby approved. The charge shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Non-Sufficient Funds (NSF) Charges

Section 367.091, F.S., requires rates, charges, and customer service policies to be approved by this Commission. We have authority to establish, increase, or change a rate or charge. We find that Marion shall be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Sections 832.08(5) and 68.065(2), F.S., the following NSF charges may be assessed:

1. \$25, if the face value does not exceed \$50,
2. \$30, if the face value exceeds \$50 but does not exceed \$300,
3. \$40, if the face value exceeds \$300,
4. or five percent of the face amount of the check, whichever is greater.

⁶Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU, In re: Application for rate increase by Florida Public Utilities Company.

⁷Order No. PSC-05-0676-TRF-EI, issued June 20, 2005, in Docket No. 050244-EI, In re: Request to establish charge for customers paying by credit card, debit card or electronic check, by the Florida Public Utilities Company.

Approval of NSF charges is consistent with our prior decisions.⁸ Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, Marion shall revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges shall be effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the NSF charges shall not be implemented until Commission staff has approved the proposed customer notice. The utility shall provide proof of the date the notice was given within 10 days of the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Marion Utilities, Inc.'s request to amend its miscellaneous service charges is hereby granted. It is further

ORDERED that Marion Utilities, Inc. shall be required to file a proposed customer notice to reflect the Commission-approved charges. It is further

ORDERED that the appropriate initial customer deposits for water and wastewater shall be \$55.00 for the residential 5/8" x 3/4" meter size. It is further

ORDERED that the initial customer deposit for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill. It is further

ORDERED that the utility shall file revised tariff sheets consistent with our vote. It is further

ORDERED that the approved customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that the utility shall be required to collect the approved initial customer deposits until authorized to change them by this Commission in a subsequent proceeding. It is further

ORDERED that Marion Utilities, Inc.'s request to implement a \$50.00 meter tampering charge is hereby granted. It is further

ORDERED that Marion Utilities, Inc.'s request to implement a convenience charge of \$2.50 for customers who opt to pay their water or wastewater bill by debit or credit card is hereby granted. It is further

⁸Order Nos. PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 140030-SU, In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc., and PSC-13-0646-PAA-WU, issued December 5, 2013, in Docket No. 130025-WU, In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

ORDERED that the convenience charge shall be effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that Marion Utilities, Inc. shall be authorized to collect NSF charges. It is further

ORDERED that Marion Utilities, Inc. shall revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. It is further

ORDERED that all approved charges in this order shall be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. It is further


ORDERED that all approved charges shall not be implemented until Commission Staff has approved the proposed customer notices and notices have been received by the customers. It is further.

ORDERED that the utility shall provide proof of the date notices were given no less than 10 days after the date of the notice. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff reflecting the charges approved herein, shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that this docket shall remain open pending Commission staff's verification that the revised tariff sheet and customer notice have been filed by the utility and approved by Commission staff. If no timely protest is filed, a consummating order shall be issued and, once Commission staff verifies that the notice of the charge has been given to customers, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 3rd day of November, 2015.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
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Tallahassee, Florida 32399
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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.

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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 24, 2015.

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.