

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by Ortega Utility for)	DOCKET NO. 891365-WS
tariff changes in billing cycle, late)	ORDER NO. 22455
payment charges and billing due dates)	ISSUED: 1-24-90
in Duval County.)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

ORDER APPROVING TARIFF CHANGES
REGARDING BILLING

BY THE COMMISSION:

Ortega Utility Company (Ortega or utility) is a Class C water and sewer utility serving approximately 946 water and 873 sewer customers in Duval County. On November 14, 1989, Ortega filed proposed tariff revisions, relating to customer billing, pursuant to Section 367.091(5), Florida Statutes.

Billing Cycle

Two of the proposed tariff revisions deal with billing frequency, changing commercial customers from quarterly to monthly billing, and changing residential customers from quarterly to bi-monthly billing. The company recently had a rate increase authorized in Order No. 21137, issued April 27, 1989, which has resulted in an increase of delinquent bills. By reducing the length of the billing cycle, in turn reducing the amount due, Ortega attempts to encourage customers to pay their bills in a more timely manner.

The proposed tariff revisions are in accordance with Rule 25-30.335, Florida Administrative Code, which provides that billing be done at regular intervals. The request results in no overall revenue impact to the company. Based on the foregoing, we find the proposed tariff revisions to change the billing cycles for commercial and residential customers to be reasonable and hereby approve such revisions.

DOCUMENT NUMBER-DATE

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Billing Due Date

Ortega filed a proposed tariff revision to change the billing due date from twenty (20) to fifteen (15) days. Rule 25-30.335(4), Florida Administrative Code, states that a utility may not consider a customer delinquent in paying his or her bill until the twenty-first day after the utility has mailed or presented the bill for payment.

If the billing due date were fifteen days after receipt of the bill, a customer would be delinquent before the twenty-first day, in contravention of Rule 25-30.335(4), Florida Administrative Code. Therefore, we find it appropriate to deny Ortega's proposed tariff revision to change the billing due date.

Late Payment Charge

Ortega filed a proposed tariff revision to implement a late payment charge of 1.5% of the unpaid amount for both water and sewer bills. The utility stated that it has been experiencing a high delinquency rate in customers paying their bills over the last two quarters, linking this with their authorized rate increase in April, 1989. The utility estimates that 30% of their customers are delinquent. Ortega seeks to implement the late payment charge in an effort to reduce this trend of delinquent payments.

This Commission has generally approved a late charge only for sewer operations because of the difficulty in shutting off a customer's sewer service. However, we find that a delinquency rate of approximately 30% is a significant problem, making a late payment charge appropriate for sewer service as well as water service. We believe that the 1.5% late charge proposed by the utility would not be significant enough to motivate customers to pay their bills any sooner than their current pattern of payment. Further, we find that a flat charge would be much easier to administer. Therefore, we find it appropriate to deny the utility's proposed tariff revision to implement a 1.5% late charge. We would approve a flat \$3.00 late charge to be assessed separately on water and sewer bills.

In order to enable staff to evaluate the effectiveness of the late charge, we find it appropriate to require the utility to file monthly reports for one year, showing the total number of bills rendered, the number of bills incurring a late charge, the delinquency rate, and the total revenues from late charges.

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EFFECTIVE DATE

Ortega has prepared a customer notice to be mailed one month in advance of billing under the tariff revisions. The tariff revisions shall become effective after Commission staff has approved the customer notice and the appropriate tariff sheets have been filed and approved.

Based on the foregoing, it is hereby

ORDERED by the Florida Public Service Commission that Ortega Utility Company's proposed tariff revision to change its billing cycle for commercial water and sewer customers from quarterly to monthly is hereby approved. It is further

ORDERED that Ortega Utility Company's proposed tariff revision to change its billing cycle for residential water and sewer customers from quarterly to bi-monthly is hereby approved. It is further

ORDERED that Ortega Utility Company's proposed tariff revision to change its billing due date for water and sewer customers from fifteen (15) to twenty (20) days is hereby denied. It is further

ORDERED that Ortega Utility Company's proposed tariff revision to implement a 1.5% late payment charge for water and sewer customers is hereby denied. It is further

ORDERED that Ortega Utility Company may file a proposed tariff revision reflecting a flat \$3.00 late payment charge for water and sewer customers. It is further

ORDERED that Ortega Utility Company shall file monthly reports for one year, showing the total number of bills rendered, the number of bills incurring a late charge, the delinquency rate, and the total revenues from late charges. It is further

ORDERED that the tariff revisions approved herein shall become effective after Commission staff has approved the customer notice and the appropriate tariff sheets have been filed and approved.

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By ORDER of the Florida Public Service Commission
this 24th day of JANUARY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DCS

by: Kay Flynn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.