

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

March 7, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (PAYO)

FROM: DIVISION OF ELECTRIC & GAS (GOAD) ^{RG}
DIVISION OF LEGAL SERVICES (WAGNER) ^{EX} ^{RVE} ^{JDJ}

RE: DOCKET NO. 960183-EI - PETITION FOR APPROVAL OF LATE
PAYMENT CHARGE BY TAMPA ELECTRIC COMPANY

AGENDA: MARCH 19, 1996 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: APRIL 15, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\960183EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Tampa Electric Company's (TECO) proposed Eighth Revised Sheet No. 3.030 implementing a Late Payment Charge?

RECOMMENDATION: Yes. The tariff should be approved.

STAFF ANALYSIS: The proposed late payment charge implements a 1.5 percent penalty on any unpaid prior months' billing. It will apply when a customer fails to pay a bill by the "past due" date indicated on the customer's bill. The charge applies to all customers, except for accounts of state, local and federal government entities. Charges for these entities are limited to 1.0 percent by Section 215.422, Florida Statutes (state agencies), Section 218.70-.79, Florida Statutes (local governmental agencies), and 31 U.S.C. 3901-3907 (federal governmental agencies).

TECO estimates that approximately 21% of its total accounts are "past due." TECO suggests that a late payment charge will save approximately \$100,000 annually by encouraging prompt payment by many of these customers. The cost savings are comprised of \$60,000 in reduced carrying costs and \$40,000 in reduced printing costs of final notices. The program will require a one-time expenditure of approximately \$100,000 to implement and thereafter \$5,000 annually in maintenance expense. In addition to

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the cost savings, TECO estimates that it will receive \$1,620,000 annually in revenues from late payment charges.

The Commission has already approved similar charges for Florida Power Corporation (Docket No. 950753-EI) and Florida Power & Light (Docket No. 900836-EI). Staff agrees with TECO's analysis that implementation of a late charge will encourage prompt payment. In addition, it will shift more of the cost associated with pursuing late paying accounts to those customers who cause the cost. The net effect will directly benefit the general body of ratepayers who are currently paying for costs associated with a minority of customers who do not pay on time.

ISSUE 2: What is the appropriate effective date for the late payment charge?

STAFF RECOMMENDATION: The effective date for the late payment charge should coincide with the ability of TECO's billing system to implement and administer the charge. Staff should be authorized to administratively approve the effective date.

STAFF ANALYSIS: TECO believes that it will be able to bill this charge by May 1, 1996. Staff recommends that the Commission approve this charge and allow staff to administratively approve the effective date once TECO has accomplished the changes in the billing system.

ISSUE 3: Should this docket be closed?

STAFF RECOMMENDATION: If a protest is filed within 21 days from the issuance date of the order, the tariff should remain in effect with any increased revenue held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed