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MAY 20 1997

BEFORE THE PUBLIC SERVICE COMMISSION

Florida Public Service Commission
Division of Water and Wastewater

In Re: Request for approval of)
Florida Public Utilities Company)
entering into agreement with City)
of Fernandina Beach revising Tariff)
to allow for the discontinuance of)
water service of any customer owing)
unpaid sewer bills to the City of)
Fernandina Beach pursuant to)
Section 159.18(2), Florida Statutes.)

DOCKET NO. 96-1529

FILED:

**AMENDED
PETITION FOR WAIVER OF
RULE 25-30.320(2)(g) FLORIDA ADMINISTRATIVE CODE**

Petitioner, FLORIDA PUBLIC UTILITIES COMPANY (F.P.U.C.) is a water utility located at 911 South 8th Street, Fernandina Beach, Nassau County, Florida, phone number (904) 277-1957, fax number (904) 261-3666, by and through its undersigned attorney, hereby petitions the Public Service Commission to waive Rule 25-30.320(2)(g). This rule was enacted pursuant to chapter 367.121(1)(2).

Chapter 159.18(2), Florida Statutes, provides as follows:

2) Any municipality shall have power to enter into valid and legally binding contracts with any person, public or private corporation, board or other body supplying water to any premises served by the sewer system or facilities of the municipality for the shutting off and discontinuing of its supply of water to such premises as long as the charges for the sewer services or the facilities of the municipality are unpaid ...

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- ROH _____
- SEC 1
- WAS _____
- OTH _____

The City of Fernandina Beach supplies sewer services to those persons receiving water services from F.P.U.C. The City of Fernandina Beach has granted to F.P.U.C. a franchise to operate in this area. The City of Fernandina Beach and F.P.U.C. seek approval of this Commission to enter

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into an agreement whereby if sewer bills are unpaid the F.P.U.C., upon request of the City, may shut off the water supply until the bills are paid. This would be a revision of their Tariff at the to become third revised sheet No. 15 dated June 28, 1993 adding Section 13.B.(5).

The City of Fernandina Beach has total control over the water/sewer operations within the confines of this city. They have chosen to grant a franchise the rights to the water to a private company, Petitioner F.P.U.C. This relationship between the City and the Petitioner creates an affiliation because of the retention of contractual rights by the City with Petitioner they act in concert in the supplying of these services. Waiver of this rule would not go against the dictates of Chapter 367.121(1)(a). This contract with the City does not effect the fair and reasonable rates and charges and contributes greatly to the standard of quality of service we can offer to our customers as described in the remaining paragraphs. Therefore this waiver would serve the underlying purposes of the chapter from which this rule was promulgated. This waiver is intended to be temporary only throughout the life of the attached contract with which the City wishes to enter into with the Petitioner.

If we are not able to have this waiver these hardships and disadvantages will fall to our customers, the City and our company:

- a. There would be no ability to turn off either sewage or sanitation accounts should a customer indicate entire payment should be credited to his electric/water account.
- b. It would be difficult to explain to a customer how his payment was applied if a known ratio procedure was not in effect. This is especially true if the analysis goes back more than one month. It becomes an issue of "he said/we said" in trying to determine who authorized how much of a given payment was to be allocated to a specific

accounts receivable. This obviously places a much heavier burden on the local office personnel both in skill requirements as well as time spent in solving the customers inquiries.

- c. The effectiveness of the delinquent notice and collection procedures is very suspect when a known payment ratio procedure is not mandatory. The delinquent notice cannot be designed to indicate the amount of each receivable in question or the customer will obviously choose to ignore the amount which is unenforceable (sewer/sanitation). It then becomes necessary to indicate to the customer that the total amount is due and collectable which leads to inquiries of how the amount was derived. This then would require additional labor hours to answer questions and support a process which is designed to quickly produce cash flow which is already delinquent.
- d. The bill design must be such that each total accounts receivable is not shown and instead buried in the total at the bottom of the bill. To do otherwise would invite the customer to pay only the totals which are necessary to keep his electric and water service active. This concept leads to more customer inquiries as to the makeup of the balance leading to more inefficient use of office personnel.
- e. There would be an inability to indicate exactly how a deposit is applied on a final bill. This is because each individual receivable balance is not shown. This once again leads to more follow up questions by the customer requiring additional man hours to process each account.

f There would be an inability to limit amount of history required to support a customers analysis of his current balance. This is due to the possibility that a customer might choose to never have any of his payments applied to his sewage/sanitation accounts. As the life of the existing contract is 30 years the amount of online disk capacity required to contain this information is tremendous. This does not even address the amount of clerical time that would be spent in performing this analysis should a customer challenge his balance at any point in time.

If we are able to get this waiver, these advantages will be available to our customers, the City and the company:

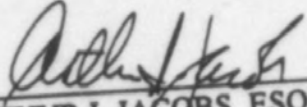
- a. We would have the ability to process customer payments based on known procedure i.e., applying payment based on ratio of each of three accounts receivable to total bill of last bill rendered.
- b. We would have the ability for our local office personnel to explain to customers how cash payment was allocated in case of dispute over existing balances. This known factor will save considerable time and labor in handling customer inquiries.
- c. We would have the ability to effectively process delinquent notice and collection procedures by having the ability to both explain how past payments were allocated to each accounts receivable balance as well as indicating to customer on delinquent notice the total due for each accounts receivable. It will not longer be necessary to only show one total for each receivable. This should benefit both the Utility as well as the customer by reducing the uncertainty of determining exactly what is owed to each entity by the customer. It should also reduce the confrontational aspects which

are built into the collection process.

- d. We would have the ability to redesign the existing bill to reflect the actual balance of each of the separate accounts receivable balances owed by the customer. This design should more clearly indicate to the customer his exact statement status with all companies with which he has a business relationship. This redesign should therefore reduce the number of customer inquiries and permit the existing office personnel to handle more customers per person reducing the overhead required to support the billing process.
- e. We would have the ability to indicate on the redesigned bill the method of how the deposit is applied to the final bill. This also should reduce the number of customer inquiries and permit a more effective utilization of office personnel.
- f. We would have the ability to limit the years of history required to be maintained for each customer due to payments being applied to all accounts receivable by a known ratio procedure. This means that the Company would be in a position to terminate service for non-payment of bills within the third month of service. Therefore, the months of history required to support the identification of an amount owed by a customer for any receivable would be finite. This is not the case if a customer were permitted never to pay his sewage or sanitation bill thus meaning that potentially for the life of the contract (30 years) his billing history would have to be maintained in order to analyze the current balance. The amount of disk capacity required to support this scenario would be enormous.

Wherefore, the Petitioner respectfully requests that the Public Service Commission hereby waive Rule 25-30.320(2)(g). By filing this request for waiver the Petitioner waives the sixty (60) day time limit in its earlier filed request for approval for the signing of the attached contract with the City of Fernandina Beach and would waive any other time requirements so that the Public Service Commission might adequately examine and render its order for this requested waiver.

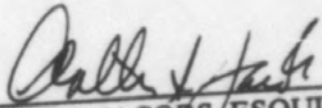
Respectfully submitted,



ARTHUR I. JACOBS, ESQUIRE
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Florida Public Utilities Company (F.P.U.C.)
Post Office Box 1110
Fernandina Beach, Florida 32034
(904) 261-3693
Florida Bar No. 108249

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy hereof has been furnished Katherine Johnson, Esquire, Public Service Commission, Capital Circle Office Center, 2540 Shummar Oak Boulevard, Tallahassee, Florida 32399-0850, by U. S. Mail, this 15th day of May, 1997.



ARTHUR I. JACOBS, ESQUIRE

RULES AND REGULATIONS (Continued)

12. Force Majeure (Continued)

been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees shall not be considered to be a matter within the control of the party claiming suspension.

13. Discontinuance of Service

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Customer for cause as follows:

A. Without notice,

- (1) if a dangerous condition exists on Customer's premises in piping or water consuming devices.
- (2) because of fraudulent use of the service or tampering with Company's equipment.
- (3) upon request by Customer, subject to any existing agreement between Customer and Company as to unexpired term of service.

B. After five (5) working days' (any day on which the utility's business office is open and the U.S. Mail is delivered) written notice which is mailed separate and apart from any other bill,

- (1) for non payment of bills for water service.
- (2) when Company has reasonable evidence that Customer has been previously disconnected for nonpayment at present or other location and is receiving service for his own use under a different name in order to avoid past due payments to Company.
- (3) for refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.
- (4) for a violation of these Rules and Regulations which Customer refuses or neglects to correct.
- (5) when customer has not paid after ten (10) working days its sewer bill from the City of Fernandina Beach.

Effective Date: For services rendered on or after _____

Type of Filing: 1991 Price Index and Pass Through of Regulatory Assessment Fees Rate Adjustment.

Issued by: F.C. Cressman, President

Effective: _____