

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

December 23, 1997

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DEC 23 1997

2:00
FPSC - Records/Reporting

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

FROM: DIVISION OF WATER & WASTEWATER (HINES) *SRJ*
DIVISION OF LEGAL SERVICES (FLEMING) *SRJ*

RE: DOCKET NO. 971471-SU - APPLICATION FOR APPROVAL TO
IMPLEMENT LATE PAYMENT CHARGE ON DELINQUENT ACCOUNTS IN
HIGHLANDS COUNTY BY HIGHLANDS UTILITIES CORPORATION

COUNTY: HIGHLANDS

AGENDA: 1/6/98 - REGULAR AGENDA - SUSPENSION OF TARIFF -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: January 6, 1998

SPECIAL INSTRUCTIONS: THIS IS AN INITIAL DECISION WHICH SHOULD
BE HEARD BY THE FULL COMMISSION

LOCATION OF FILE: I:\PSC\WAW\WP\971471SU.RCM

CASE BACKGROUND

Highlands Utilities Corporation is a Class B wastewater located in Highlands County. Based on the 1996 Annual Report, the utility provides wastewater service to 1,274 customers. For the calendar year ending December 31, 1996, the utility recorded revenues of \$505,532, expenses of \$500,080 resulting in income of \$5,452.

On November 7, 1997, the utility filed an application requesting the approval of a \$5.00 late payment charge on all delinquent paying customers in order to meet the costs associated with carrying and collecting past due accounts. Section 367.091(5), Florida Statutes, authorizes the utility to establish, increase, or change a rate or charge other than monthly rates for service or service availability charges. However, the application must be accompanied by cost justification as required along with billing data for determining the percentage of late payments.

DOCUMENT NUMBER-DATE

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DISCUSSION OF ISSUES

ISSUE 1: Should Highlands Utility's proposed tariff to implement a \$5.00 late payment charge be suspended?

RECOMMENDATION: Yes, Highlands Utility's proposed tariff to implement a \$5.00 late payment charge should be suspended pending further investigation by staff. (HINES)

STAFF ANALYSIS: Pursuant to Section 367.091(5), Florida Statutes, the tariff sheets proposed by the utility shall become effective within sixty (60) days after filing, unless the Commission votes to withhold consent to implementation of the request. Section 367.091(5), Florida Statutes, states that the Commission may withhold consent to the operation of any or all new rate schedules, by a vote to that effect within 60 days giving a reason or statement of good cause for withholding that consent. In this case, the sixty days expires January 6, 1998.

In the past, late payment fee requests have been handled on a case-by-case basis. Recommendations have been made based upon the conditions presented by each individual utility. In 1989, the Commission approved a \$3.00 late payment charge for Ortega Utility, in Docket No. 891365-WS. In 1992, the Commission approved a \$3.00 late payment charge for Palm Coast Utility Corporation, in Docket No. 920349-WS by Order No. PSC-92-0611-FOF-WS issued July 9, 1992. Also in 1993, the Commission approved a \$3.00 late payment charge for Rolling Oaks Utilities (Citrus County) and Hydratech Utilities, Inc. (Martin County). There have been several other cases in which the Commission has approved a \$3.00 late payment charge.

In this case, Highlands Utilities requested a \$5.00 late payment charge, and no cost justification was submitted. Staff requested the Utility to provide a basis on which the utility was requesting a \$5.00 late payment charge. In response, the Utility stated that it believes due to inflation since 1989, a \$3.00 late charge would be approximately \$5.00 in today's dollars.

Therefore, staff believes it is reasonable and necessary to require further amplification and explanation of this request and to require production of corroborative information, if necessary. Our review of the application will include further examination by staff. Therefore, staff recommends that the proposed tariff to implement a \$5.00 late payment charge be suspended.